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First Session—Twenty-eighth Parliament

1968-69

(21)

THE SENATE OF CANADA

PROCEEDINGS

OF THE

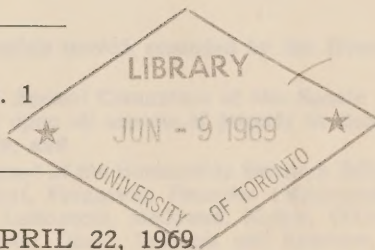
SPECIAL SENATE COMMITTEE

ON

POVERTY

The Honourable DAVID A. CROLL, *Chairman*

No. 1



TUESDAY, APRIL 22, 1969

WITNESSES:

Dr. D. L. McQueen, Director of the Economic Council of Canada.
Miss J. Podoluk, Statistician, Dominion Bureau of Statistics.

THE QUEEN'S PRINTER, OTTAWA, 1969

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman*.

The Honourable Senators:

Bélisle	Inman
Carter	Lefrançois
Cook	McGrand
Croll	Nichol
Eudes	O'Leary (<i>Antigonish-Guysborough</i>)
Everett	Pearson
Fergusson	Quart
Fournier (<i>Madawaska-Restigouche</i> ,	Roebuck
<i>Deputy Chairman</i>)	Sparrow
Hastings	

(18 Members)

(Quorum 6)



ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

TUESDAY, April 22, 1969.

Pursuant to adjournment and notice the Special Senate Committee on Poverty met this day at 9.30 a.m.

Present: The Honourable Senators Croll (*Chairman*), Bélisle, Carter, Cook, Eudes, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, McGrand, Pearson, Quart, Roebuck.

In attendance: Mr. Frederick J. Joyce, Director.

The following witnesses were heard:

Dr. D. L. McQueen, Director of the Economic Council of Canada.
(*Curriculum Vitae follows these Minutes*).

Miss J. Podoluk, Statistician, Dominion Bureau of Statistics.

A brief and charts submitted by Dr. McQueen were ordered to be printed as Appendices A and B respectively.

At 12.20 p.m. the Committee adjourned until Thursday next, April 24, at 9.30 a.m.

ATTEST:

John A. Hinds,
*Assistant Chief,
Committees Branch.*

CURRICULUM VITAE

David L. McQueen, Born Saskatoon, Saskatchewan, December 25, 1926. Education: Schools in Saskatoon, Kingston, Ont., Winnipeg, Man., University of Manitoba (B. Comm. 1947), Queen's University (M.A., 1948); London School of Economics (Ph.D., 1952). Employed Research Department, Bank of Canada, 1952 to 1965; Economic Council of Canada since 1965. Appointed Director of Economic Council 1968. Co-author with Y. Dubé and J. E. Howes of study *Housing and Social Capital* for Royal Commission on Canada's Economic Prospects, also, contributor to *La planification économique dans un État fédératif*, Laval University Press, 1965, and to *Wages, Prices and Economic Policy* (John H. G. Crispo, editor), Toronto, 1968. In April 1969, Mr. McQuen was appointed Vice-Chairman of the Economic Council of Canada.

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Tuesday, April 22, 1969

The Special Senate Committee on Poverty met this day at 9.30 a.m.

Senator David A. Croll (*Chairman*) in the Chair.

The Chairman: Call the meeting to order.

Members of the committee, greetings to you all and welcome. I am delighted to see you and to start out on this mission with you. Some of our members are having a hard time getting back to Ottawa. I have had a few phone calls and it appears that transportation is not as good as it would be if Air Canada was in business today. However, they are getting back; some will be here before we are finished and others will be back in a day or so.

Now in order to bring you up to date and to put you completely in the picture I have prepared a short statement covering the ground which is familiar to most of us but not to all of us. For a few moments I want to review with you the form of our undertaking, its principles and objectives.

The Senate has undertaken a most important and very complex study. It has delegated this committee to embark on a voyage to a known destination—the end of poverty in this country. Poverty is the greatest challenge facing this country today. It is not new; it has been here for a long time; it is entrenched, encrusted and hardened. It is accepted by some and ignored by others.

I think you know as well as I do that previous efforts to end poverty have not been crowned with success. But we cannot afford to fail in this great challenge which is offered to us. We are a fact-finding committee and we are an educational committee. We must define its dimensions and bring forth fruitful recommendations. We start with a good heart, best wishes and high hopes, as well as maximum support, to help the other Canada. It is not going too quick or easy, but our determination is unqualified. The very least we can do is to restore hope to the other Canada.

The qualifications of the members of the committee are the very best. This committee

is representative of Canada; it represents every province and all aspects of Canadian life and enterprise. Many members of the committee have known poorness; all have been in constant contact with poverty.

We have experience and background. We come from the same streets and concessions, speak the same languages and share a common concern. This presents to each one of us on this committee the greatest opportunity of our lifetime to help our fellow Canadians.

It is fitting that the Economic Council, to whom Canadians owe a great debt for their concern and reporting on poverty, should present the first brief. The Council in its Fifth Annual Report suggested that the Senate should enquire into the problem of poverty. As you will see from the schedule which you have before you government departments and related bodies will follow. All of this should give each one of us a good grounding. In fact as my co-chairman said this morning it will be "training on the job".

Before the summer adjournment we shall have a better understanding of the magnitude of the problem and the efforts of the Government to control and eradicate it. As a fact-finding body, our hearings will give poverty more visibility. The public will have more information by our providing an insight into how different measures are changing to meet the needs of the poverty-stricken, and a better evaluation of what public programs are accomplishing. They may have been successful in another day, but do they work today? Moreover, this will be an exercise in social reporting and techniques for measuring the adequacy of social measures. We should stimulate a national dialogue.

I do not know what will cure poverty. It will never be cured without money, yet money alone will not cure it. It needs all our national and human resources, and all the ingenuity we can muster.

In the course of our study we shall examine organizations, systems, ideas, objectives, techniques, policies and philosophies. At the moment there appear to be no easy answers and no quick or cheap ones. It is much too late to tinker and patch up the present sys-

tem, for I think it will come apart again; and, above all, we cannot and must not do a papered-over job.

Much has been done administratively to date. The steering committee has met often; we have made some decisions, of which you will be aware. A small staff has been assembled under our director, Fred Joyce, sitting on my left, and space has been acquired in the Victoria Building across from the West Block.

Some of the members of our staff are here. Sitting over there are Dr. Tom Philbrook, Mr. Richard Lord, Mr. Michael Clague and Mr. Charles Askwith—who, with the exception of Mr. Lord, have a Public Service background. Mr. Lord has not been in the Public Service; he is a Quebecker, in every sense.

A tentative program of hearings has been arranged that should carry us through to the middle of July, which appears to be the target date for the summer recess.

The director visited Washington and the University of Wisconsin early in April, and made contact with the Director of the Office of Economic Opportunity in Washington, and at the University of Wisconsin examined the Institute of Poverty Research. It is intended that both of these programs be examined and studied in depth, to benefit from their success and to avoid their failures. Much of this was made possible through the Canadian Embassy and through the particular assistance of our Labour Attaché, Pat Conroy, who is well on top of this program and knows most of the people involved.

In order to make a study of the American programs we will need some hard-nosed researchers. We have a few we can approach who will be available in May, June, July and August, when the universities are not in session.

The New Jersey Pilot Project on Guaranteed Income, involving some 3,000 families, is being conducted by the Institute of Poverty Research in the United States at the University of Wisconsin, with a high-powered staff of 52 of the best economists, sociologists and others they can possibly assemble. We wish them luck.

Two members of our staff have crossed the country: one began in British Columbia, and the other in Newfoundland. They contacted student leaders in the universities, youth groups, organized poor and tenants' groups,

social activators, as well as Indian and Metis groups in every province. The purpose was to make contact with them and to ascertain their attitude to the study and their possible participation in it. The response has been overwhelmingly favourable. There is great confidence in this committee and hopeful anticipation of its achievements.

Let us just pause and consider the problem for a moment, as I know we have all been doing already. We have all asked ourselves: "Where do we start? The dimensions are so vast." We have to start some place, so we start with the establishment. I made a rough assessment, on my own responsibility. I ask you to fix your focus on these categories, which I think will help you to see this in its proper perspective.

Let us take in category No. 1 the disadvantaged people. They are not in the mainstream of Canadian life; they are not in the competitive labour force: they are the crippled, the disabled, the blind, the mental, the chronically ill and the elderly. Then we have the female head of the family, young children. This constitutes a very large group. We know even now that both these need more money and more services. They constitute 25 per cent of our poverty problem, approximately—do not hold me to that figure precisely.

Category No. 2 is the working poor, the near poor, and the rural poor. These people are working full time, part time or seasonally, and have large growing families. Sometimes even the mother works. They are drawing low wages and lack skills. They just cannot make a go of it. Some have the small farms, with poor land, poor housing and poor equipment, and they too are having their difficulties too. They comprise the biggest group. 50 per cent of our poverty problem occurs in those two categories I have just given you.

There is another category, the hard core "welfare-ites". They have no skills, suffer chronic illness, some are self-converted, the cultural poor, the inherited poor. Here we find the fourth generation on relief, and some do not appreciate the ethic of work and some are self-converted by attitude. These represent about 25 per cent of the problem. That gives you a rough breakdown, so that you can make your own assessment as the evidence is presented.

Our purpose is to involve Canadians in all walks of life. Many have never before been

asked for their views. We plan to hear the poor, the professions, the provincial and municipal governments, national bodies, labour unions, farmers' federations, chambers of commerce, and social and welfare groups, as well as other organizations and individuals who have something to say. We may yet find that we have tapped a source of great value by carrying on a dialogue with our fellow Canadians.

We, as members of the committee, have a promise to keep: to lend every effort to make the lives of our less fortunate citizens more meaningful in an affluent society. The other Canada, the one we are particularly concerned with, must be brought back into the fold.

I have often been asked, "What do the poor want?" The poor want the things the rich wanted when they were poor. That is about the only answer I can give you at present.

I thought this would give you some outline of what we have in mind as to the course we are going to take.

We commence our hearings this morning with the Economic Council of Canada. On my right is Dr. D. L. McQueen and next to him is Mrs. Gail Stewart. Also present are Miss Angela Julien, Mr. Morris Heath and Miss Jennie Podoluk—and she has been a great help to us with regard to the elderly on other occasions. Mr. J. Barry Lacombe is also here.

David McQueen is Director of the Economic Council of Canada. I think you all have his history before you, and it will be a matter of record. However, I will just tell you this, that he has a fine background. He is going to be Chairman of the Economics Department of Glendon College, York University, in the fall, and he assures me, as I know you will all be happy to know, that the problem of poverty will be ever foremost in his mind and that he will convert as many as he can at the university to the fact that something must be done about it.

Is it agreed that the brief of the Economic Council of Canada be printed as an appendix to today's proceedings?

Hon. Senators: Agreed.

(For text of brief see Appendix "A")

Dr. D. L. McQueen, Director, Economic Council of Canada: Mr. Chairman and honourable senators, it is indeed an honour for the Economic Council to be called upon to testify as the opening witness in the opening session

of the Special Senate Committee on Poverty. It is an honour of which the Council is most appreciative in the light of its special interest in the subject.

Through the course of your deliberations you will be dealing with one of the most important problems confronting Canadian society—a problem having a pervasive influence on our institutions and way of life; a problem which is present, though often concealed from the view of many citizens, in virtually every community in the country.

We of the Economic Council are relative newcomers to the question of poverty. Our interest effectively dates from the preparation of the Fifth Annual Review. Now, I do not point this out in order to deflect the barbs of your questions, or to induce you to go easy on us. We feel we have contributed something to public awareness and debate regarding this question, and we intend to go on contributing, but we are obviously not a high and mighty repository of all knowledge about poverty in Canada. Knowledge in this field is amazingly intricate and detailed. It is hard to organize into any meaningful pattern for policy-makers, and much of the necessary knowledge in Canada does not now exist. It remains to be created, and we hope that it is by your efforts that some of that knowledge will be created. We of the Council are very far from knowing all the answers, but we do think that at a minimum we know some extremely good and cogent questions for you to put to other witnesses.

Prior to our appearance today we submitted to you a written brief on behalf of the Economic Council, and attached to it are three documents, namely, a reprint of chapter 6 of the Fifth Annual Review entitled "The Problem of Poverty", some statistical tables which supplemented chapter 6, and notes for an address by our chairman, Dr. A. J. R. Smith, to the Conference on Human Rights in Ottawa on December 3 last. There are one or two additional documents which we would like to submit before the completion of our testimony, including a highly selective bibliography of readings on and around the subject of poverty, which we feel will be of considerable use to you.

We thought that in our opening statement today we might concentrate on the definition of poverty and an analysis of the characteristics of the poor, and reserve for our opening statement on Thursday some remarks regard-

ing remedies for poverty and the policy aspects of this question.

In our Fifth Annual Review, published last autumn, we of the Council set out to provide an indication of the magnitude of poverty in Canada and its structure. We then attempted to set out some broad policy guidelines for the utilization of resources already committed to dealing with the problem, and for the development of new policies and programs.

The Council, after analyzing all of the data and descriptive material relating to the problem, determined that poverty existed in Canada on a scale much greater than many Canadians believed. We resolved to place our authority and our reputation behind this measurement of poverty in Canada. It was not a particularly new measurement. The approximate proportions that we came up with were known to a good many previous investigators in the field, but we wanted to bring the figures much more into the general arena of public discussion by putting ourselves and our organization behind them.

This initial work by the Council was primarily descriptive, consisting of an across-the-board investigation of that part of the population which it was possible to distinguish as having insufficient access to certain goods, services, and conditions of life available to others, all of which have come to be accepted as basic to a decent minimum standard of living.

Anyone who assumes that the Council's foray into the question of poverty was a one-shot attempt to grab an easy headline would be making a very bad mistake. There was no question in our minds concerning the rightness and legitimacy of our involvement in this problem. There was certainly no question of the sense of commitment which grew up amongst members of the Council and of the Council's staff as the work proceeded. Our right to be involved, if I might put it that way, is implicitly embedded in the very terms of the legislation setting us up. A short passage from section 9 of the Economic Council of Canada Act reads:

...that the country may enjoy a high and consistent rate of economic growth and that all Canadians may share in rising living standards...

So far as our sense of commitment is concerned, I might just lift the veil of secrecy which normally covers the Council's delibera-

tions enough to tell you that the discussions within the Council on this topic were some of the most vigorous that I can remember. You will recall, of course, that we are a mixed group; that we are drawn from many walks of life and many groups in the community. Among our membership are industrialists, labour leaders, representatives of farm bodies, representatives of consumers, and representatives of the general public. The discussion within this group was extremely vigorous. The statistics which were put before the Council by the staff were subjected to extremely intensive questioning. The end result was a very strong commitment. In fact, we were in a position where the staff was being urged to strengthen the expression of the problem in the drafting of chapter 6 of the Fifth Annual Review.

The Council, then, feels committed. It will be continuing its work in this field, and it will be continuing to recommend and, quite frankly, to nag.

Perhaps I might just run over a few highlights of the written brief that has been submitted to you. In the opening passages we indicate what we think are some of the contributions which this committee could, if it so desired, make to the discussion, understanding, and solution of the problem of poverty in Canada. We envisage you conducting a kind of protracted public seminar which will bring home to Canadians the consequences of poverty in Canada. It also seems to us that with your small but competent and extremely well qualified research staff you can do something to fill some of the crucial knowledge gaps about poverty in this country. Finally, it seems to us that you will be able to do a great deal to build a broad public political consensus in favour of moving towards a more purposeful structure of anti-poverty policies than we have today.

We also observe in the brief that poverty today is a rather different sort of thing from the poverty which many of us can remember from the days of mass unemployment in the great depression of the thirties. Poverty today is, in a sense, more of a minority problem. It is not as visible as it was. In fact, I think a great many of us had a tendency in the early postwar period to forget about it, or to assume that it was hardly there at all; that because we had such a relatively good record of maintaining employment and economic growth in the industrialized countries of the world poverty was a very small problem, if

indeed it continued to exist at all. But, towards the end of the fifties certain writers in Canada and the United States began drawing our attention to the fact that our affluence was not being shared as it should be; that there remained a very persistent problem of poverty in certain areas and among certain groups of the population.

One may mention, in this connection, John Kenneth Galbraith's remarks on the subject of poverty in *The Affluent Society*, and also the larger-scale investigation in depth of the problem that you will find in Michael Harrington's *The Other America*.

I noticed that Senator Croll referred a few moments ago to "the other Canada". Certainly our work indicates that the phrase is as applicable to Canada as it is to the United States, although of course our poverty problem is different in some respects from that of the United States.

There is also some indication in our brief of what sort of a body the Economic Council is, of its working methods and how we came to the subject of poverty. We came to it particularly under the heading of the so-called fifth goal. As you know, the Economic Council has elaborated a number of major goals for the Canadian economy. One of these is an equitable distribution of rising incomes, a goal implicit in terms of the legislation setting us up. While we had looked at this question of an equitable distribution of rising incomes in connection with problems of regional development, we knew all the time that this was not enough, that we had to look at other dimensions of income distribution. We had to look at problems of poverty in their own right, and this is what we commenced to do with the Fifth Annual Review.

It was our impression then, and it is still more our impression now, that poverty is a problem in its own right. It is not just a department of some other problem, such as regional development, for example. It is not just a problem of welfare and of income maintenance. It overlaps some of these problems, but it has its own characteristics, and if we forget this—if we fail to see poverty as a problem in its own right—we will not make the right policy decisions in this country to improve the structure of our social policies and to abolish poverty.

The brief also describes some of the process of research that went on in developing the conclusions of the Fifth Annual Review on

the subject of poverty. It describes the process of drawing so-called poverty lines. This is a subject to which I should like to revert just before we show you a number of charts on the subject of poverty. I would remind you of the passage in the brief where we indicate what these poverty lines look like in terms of dollars of 1968 purchasing power. We have taken account of the fact that the cost of living has gone up since 1961, the base year for a good deal of our statistical data. We have updated our poverty line and they now come out, in dollars of 1968 purchasing power, to \$1,800 a year for a single person, \$3,000 for a family of two, \$3,600 for a family of three, \$4,200 for a family of four and \$4,800 for a family of five. We do not think these are particularly generous—if I might use that word—poverty lines. Other such lines have been drawn in this country and in the United States, and a good many of them have been drawn at rather higher levels than the ones I have just quoted to you.

We found the exercise of drawing these lines extremely useful. We knew that it was arbitrary, and we were very concerned that our own crude exercise should be followed up by a much more scientific and thorough-going attempt to establish minimum living standards in various parts of this country. However, crude as they were, the poverty lines permitted us to say some useful things, not just about the overall size of the poverty problem in Canada, but also about some of its characteristics. It seemed to us that some of those characteristics had important messages for all of us regarding our social policies, our welfare policies, and about the whole group of policies that in one way or another are relevant for the abolition of poverty. Once again, I think the most opportune time to discuss some of these conclusions will be when we look at the charts.

We also say something in our brief about our future research plans, and we will of course be prepared to answer questions on that. Essentially what is happening is that the first part of our task, as we conceived it—the task of drawing attention in a most unmistakable way to the existence of a serious poverty problem in this country—has been done, at least as far as we are concerned, and we are tending to move on to somewhat more specific and specialized functions. Having regard to the good old economic principle of specialization and division of labour, we are trying to focus on those parts of the poverty problem

where we think we can make a good contribution with the kind of resources that we command—a contribution that will not overlap the work being done by others.

However, we would be most gratified if you regarded it as an important part of your work to carry on the task we tried to perform in the Fifth Annual Review, which was to bring this poverty issue to life and keep it alive. I think it is most important that the issue not die out this time, as it did to some extent after the promising initiative of creating the Special Planning Secretariat of the Privy Council was undertaken. It seemed that we were then on the verge of a fruitful new approach to the problem of poverty in Canada, but something went wrong. We are not quite sure what. A lot of the research results obtained by that Special Planning Secretariat are still available and very useful and relevant, and a lot of the people who participated in its work are still working in fields related to poverty and the experience they gained is therefore bearing fruit. However, we must try to keep the issue alive and not let it go into a slump again, as it did in the middle 1960s.

We have found, and you will find, great difficulty in discovering what is happening out there across the country where the complex network of our existing social policies meets, or fails to meet, the poor. You will find that you will have to be persistent, that you will have to keep asking certain questions. One of the important things you can do will be to bring that silent constituency of the poor themselves to life. As we pointed out in the opening passages of our chapter on poverty, the poor, for various reasons which are no fault of their own, tend to be inarticulate. They are comparatively unacquainted with the process by which political decisions are made—with the process by which certain groups express their interests, and so express them that those interests in turn are dealt with through the medium of government policies. You will have to reach out to the poor, encourage them to be articulate, and bring them along to a more fruitful consideration of their own problems. This is most important, because they have a great deal to teach us about what is wrong with our present structure of anti-poverty problems—why they are not doing the things that we often suppose them to be doing. This generation of more effective “participation” will be a most important part of your work.

Also, of course, there will be the discovery of information. The lack of information is one of the threads, one of the themes that runs through every aspect of this problem. One is more and more impressed with it the further one penetrates. It has been rather touching in a way to note the response which we have got from a great many social workers and others across the country, who have said repeatedly to us, “Thank heavens somebody—somebody important—has spoken out on this issue. It is time something was done.” They feel themselves to be isolated out there—isolated from others doing the same kind of work, and from the kinds of information which they need in order to do their work better. They have responded very strongly to our initiative and they will respond to you also. They too have a great deal to tell you.

It is interesting to note that since the Fifth Annual Review was published, we have been under pressure at the Council to operate, in effect, as a sort of information exchange in the field of anti-poverty policies in Canada. This is a function which we cannot efficiently discharge, except in small part. Our experience does indicate, though, that there is a great need for the creation on a permanent basis of some information exchange of this sort. Here again was one of the promising lines of approach which the Special Planning Secretariat of the Privy Council was developing. It was serving as an information exchange and it was proving to be a remarkably useful vehicle for people engaged in various aspects of anti-poverty work who wanted to know what was going on elsewhere and what useful lessons they could learn. Others wanted to be taken by the hand through the maze (and believe me it is a maze) of federal Government policies relevant to poverty. I think therefore, that you will want to keep that information requirement very much in the forefront of your consideration.

We have found also that, as Senator Croll indicated to us in his opening remarks, poverty is not a single problem. It can be categorized in various ways. It is not a single problem; it is a group of problems. Yet, we have found there is great value in organizing these problems under the heading of poverty and setting the elimination of poverty as a definite goal. We have found that it organizes our thinking better. A most important additional thing which it does is to bring the necessary intellectual discipline together. There are a

lot of fields of specialized knowledge which are relevant for poverty. Not just economics, but sociology, social work, political science, anthropology and a great many other disciplines in the social sciences must be drawn in. One of the great problems is to bring all of these areas of specialized knowledge together and get them working in concert. I intellectual disciplines together. There are a problem of poverty does this very, very effectively. Such was our experience, for example, when we were setting up the research work which we are carrying on in regard to the subject of early childhood development and experience, and its relationship to poverty. This topic is something which we might take up a bit in the later questioning, but for the moment the point I wish to make is that in order to kick off our research on this subject we brought together a very mixed group of people from all sorts of disciplines. They were educators, psychologists, sociologists, economists and so forth. You could actually feel, during the course of that meeting, how the poverty concept drew these people together, awakened their enthusiasm, and made them realize that they had before them a genuine multidisciplinary problem—one where all of their respective contributions were relevant. It was very interesting to see this happening.

One of the things which I feel you will have to do is to consider how these departments of knowledge can be more effectively harnessed to the problem you are investigating. No Canadian university at this moment, for example, has a multidisciplinary institute to study poverty. That is a question to which you might give some attention.

I suggested just a moment ago that poverty now is different from poverty in the 1930s. Now we have a phenomenon of poverty in the midst of affluence—a problem smaller and somewhat less visible but no less real. It has been suggested privately to me that the Council's initiative in raising the question of anti-poverty measures at this particular time may have been in some sense misjudged and untimely. I think that what these people had in mind was the tremendous pressure which there is now to exercise greater control over the growth of Government expenditure in this country. This is indeed a very real problem—a problem of priorities. But to suggest that because this situation exists we must somehow restrain our discussion of a major social question—that because of the difficulties we

face in respect of Government expenditures generally, that the problems of the most deprived members of our society should be passed under silence for the time being is, I think, unacceptable. I think that we have to have a very sincere regard for the immediate administrative problem that a lot of our decision-makers in Government are facing. They are under severe pressure to restrain the overall growth of the Government expenditure. At the federal level, particularly, they have undergone the frustrating experience of looking at the whole range of federal Government expenditures and discovering how many of them are in one sense or another contractual—fixed—tied up in long-term agreements. Many expenditures may, for example, be part of cost-sharing agreements with provinces, or tied up by the terms of a statute so that they cannot be changed in the short run. Many, too, have a built-in factor of population growth which causes them to grow from year to year. This means that the administrator who is concerned with restraining the growth of Government expenditures finds there is a great area of federal spending about which he can do very little, at least in the short run. Most of his efforts of restraint must be concentrated, on a rather small proportion of the total expenditure.

Along with this goes the view that amongst the most immovable and uncontrollable elements in this picture are certain transfer payments and other welfare measures. I think it is out of the resulting sense of frustration, which is entirely understandable, that there tends to come a view that when things are really tight in Government finance we should speak softly about poverty. I think, however, with all due respect that this is not an appropriate way of organizing and considering our social and governmental priorities in this country. I think that many of the people who feel that discussion of poverty should be somewhat muted for the time being are thinking of anti-poverty policies as essentially a form of charity—as something you do to the extent that you can afford, but in respect of which you tend to exercise particularly severe restraint when you feel that you are in a situation of financial tightness. This is a feeling, perhaps, that the expenditure of public funds on anti-poverty policies is not as "productive", in some sense, as would be expenditures on scientific research or something like that. I think this view, to the extent that it exists, misses some of the most

important new thinking which is going on about poverty these days. This thinking is being done, not just by economists, but by others as well.

What are our reasons for wishing to abolish poverty in this country? I suppose that the highest reasons are our sense of the injustice of the situation which we see before us, and our sense of charity and compassion. These are very important elements in our desire to abolish poverty, but there is something else too. There is another consideration which, when it is properly understood, will pack a great deal of political power. This is the consideration that poverty is, amongst other things, a massive and avoidable waste. It is a waste of human capabilities. Much of the poverty that we see really reflects our past failures to develop certain human capabilities as well as we might have done, with the consequence that we are suffering severe economic loss. We are suffering, not just the more visible loss of the palliative measures which we have to take because we did not do our job of developing human capabilities properly in the past—not just the cost of welfare institutions, welfare transfers, and various other things which we have to do because of our past failures, but also the less visible cost of the things which many of the poor today could have contributed to Canadian society and to the Canadian economy had we done our job better in the past.

It is most important to appreciate this aspect of poverty. When this aspect is rightly appreciated, anti-poverty policies will be more likely to take their rightful place in the consideration of social and governmental priorities.

Priorities do matter, and I think it is entirely appropriate for the Treasury Board, for example, or any organization that is concerned with the control of public expenditure, to ask very hard and very direct questions about anti-poverty policies—about what these policies are supposed to do, about how they are setting about doing it, and about when are they going to achieve the goals which you have set for them. You will very likely find, when you look at some of our anti-poverty policies and social policies in this country, that the answers to some of these questions are not nearly as well specified as they ought to be, that we do not know really where those policies are supposed to be going, or how long it is going to take them to get there. One of the most important things that must be done

is so to analyse our policies, so to analyze the problems under attack, that we can give far more definite answers to these questions and say that the object of this set of policies is thus and so, that the overriding objective is the elimination of poverty, and that there are certain sub-objectives as well.

When you can do that, then you can face the men from Treasury Board and you can make a far more powerful claim, on behalf of those policies, for an appropriate allocation of resources to them. Therefore, it is most important to appreciate this economic, this wastage side of poverty and to take it into account along with other relevant considerations. We can then bring about a new situation where anti-poverty policies will get their correct and proper ranking in the overall scale of priorities.

Honourable senators, just before getting on to the charts we would like to show you—charts which I think sum up rather nicely some of the major conclusions of our work for the Fifth Annual Review—I would like to say a little bit about the business of drawing so-called “poverty lines”.

This is inevitably a very arbitrary operation. You can quarrel with our lines or with almost any poverty lines that anybody draws, however scientific or pseudo-scientific the methods of drawing here. Nevertheless, we believe very strongly that this is a very necessary exercise. It helps us to focus our policies better, for one thing.

One might identify three principle purposes for the drawing of poverty lines. One is to distinguish those members of society whose resources are inadequate to meet their needs. A second is to set a minimum level below which no family is expected to sustain itself on the basis of income which it generates itself. A good example of that would be the aged. The third is to set a target against which progress in eliminating poverty can be measured.

Different sorts of poverty lines can be drawn, depending on what your immediate purposes are. They can be drawn very simply on the basis of incomes, or you can take into account other aspects of the family or individual situation. You can take into account their assets on one side and their debts on the other; you can bring into the calculation more specific consideration of the needs of particular types of family or individual. You can tailor your poverty lines

to changes in family size and composition, and to geographical location. You can allow for variations inter-regionally across the country, and so forth. Any single set of poverty lines will still, of course, be arbitrary.

In certain circumstances it may be useful to distinguish between levels of income and family expenditures which one would associate with minimum, with modest and with comfortable standards of living. You may want to draw low poverty lines which cover only basic essentials. In certain other circumstances, you may want to add on various "discretionary" items of family expenditure which are relevant to the policy with which you are concerned at that particular moment.

I do not think one should let this detailed consideration of the variety of poverty lines that may be—the variety of levels that can be established—obscure the overall problem. No matter how you slice it statistically, there is a very large and a very important problem here. The drawing of poverty lines, however arbitrary they are, permits us to bring out some of those characteristics of the problem which are important for the solutions which we begin to bring to the problem.

Perhaps at this point, Mr. Chairman, we could show a few charts.

(See appendix "B")

Dr. McQueen: I should make a few general remarks about the information on which these charts are based. The information was developed from 1961 census data, with some very important assistance from the Dominion Bureau of Statistics. That assistance included most notably the work of Miss Jenny Podoluk and Mrs. Gail Oja, who are here with us today.

It would, of course, be nice to have rather more up-to-date statistics on poverty than we have. I think the fact that more comprehensive and up-to-date statistics do not exist is an indication, in part, of the lack of attention which we have given to problems of income distribution and poverty in this country in the past. If you look at a country's statistics you can often form a pretty good judgment of what questions people thought were important and what questions they neglected. I think that this is so in the present instance.

However, we have this very illuminating information derived from the 1961 census data. The group in the population as a whole which is covered here is the non-farm population. We have to leave the farm population

out, because there are some very special problems in calculating incomes there. If our state of information regarding the non-farm poor is highly inadequate, it is even more so for the low-income farm population in Canada.

Here, then, we are looking at the non-farm population, a population which, however, includes a great many non-farm rural residents such as fishermen, loggers, and the inhabitants of small hamlets and villages across the country.

Now, on this first set of charts, we are looking at low-income families, families which are below the poverty lines to which I referred and on which you will find more information in our briefs and other submissions. On the left of this chart we are looking at the numbers of the poor; on the right we are looking at the incidence. The incidence you might express as a set of betting odds. These are the odds that, if you picked out at random a person under 65, say, you would find him to be poor, living below the poverty line. One of the points we are most concerned to make in our submission is that you must distinguish between numbers and incidence and not get carried away by these incidence figures, important though they are, because that will lead to a very improperly balanced set of anti-poverty policies.

Here, then, we are dealing with poverty in terms of age groups, and you will find, looking at the incidence figures, that, if a family has a head who is 65 or over, the chances of that family being found poor are very much greater than if the head of the family is under 65. But, and this is a most important "but", when you look at the total numbers over on the left of the chart you will perceive that anti-poverty policies directed just towards the aged would miss a very large part of the total low-income population in this country. The actual number of families living in poverty is far greater in respect of those families which have heads under 65.

There will be a whole series of these charts now. You have heard Senator Croll make some reference this morning to the case of the families headed by women: women whose husbands have died; women who are separated, divorced or deserted; and so on. Here again you will note that the incidence of poverty is much greater when the head of the family is a female. But once again do not

forget the numbers over on the left of the chart. Most of our poor families are in fact headed by men.

Senator Roebuck: What are the numbers on the left, to which you refer?

Dr. McQueen: Those are thousands of families, senator, on the bottom line to the left. You will see the numbers "100, 200...", et cetera, etcetera.

Senator Roebuck: What is the significance of that?

Dr. McQueen: That means that the number of low income families with a man at the head of the house is about 800,000, or was in 1961, whereas the number of low-income families with a woman as the head of the house is only about 120,000.

Senator Fournier (Madawaska-Restigouche): Could you compare those two charts side by side?

Dr. McQueen: I do not know that we can do that, but we can flash back to the first chart.

Senator Fournier (Madawaska-Restigouche): There would seem to be an increase or decrease in the numbers of low income families as between those two charts.

Dr. McQueen: It is not an increase or decrease, senator. It is simply the number of families in a low-income status at a given point in time.

Senator Fournier (Madawaska-Restigouche): But there is a difference in the numbers on the left of 100,000.

Dr. McQueen: That is owing to an overlap. We are crossing characteristics here. We take the total number of low-income families and break them down according to the age of the family head in one chart, and according to the sex of the family head in another. That is what accounts for the difference in numbers on the left.

Senator Fournier (Madawaska-Restigouche): I understand.

Dr. McQueen: Here again, in this third chart, we have a particularly important point to make. We have divided the country in this chart into major geographical regions. If you look at the incidence figures on the right you will find that your chances of being poor are a good deal greater if you live in the Atlantic

provinces than, for example, if you live in Ontario, the prairies or British Columbia. With respect to the Province of Quebec, it is important to note there that there are very significant differences in the incidence of poverty between different parts of the Province of Quebec. In certain economic senses, and certainly in respect of the incidence of poverty, the eastern part of Quebec is a great deal different from the western part so that, if you were able to split out the eastern part of Quebec including the lower St. Lawrence and Gaspé regions, you would get an incidence of poverty much more like that which you find in the Atlantic provinces.

The problem here is that people know that the incidence of poverty is greater in the eastern part of the country, and that they go on to conclude that, if we have a set of policies that will encourage the economic development of the eastern parts of Canada, we will have ourselves a pretty effective war on poverty. But wait a minute. Move over to the left of the chart and look at the actual numbers of people living in poverty. Look at the very considerable numbers that you find, for example, in Ontario. The fact is that a great deal of our poverty is not in the eastern extremities of the country. There is plenty of it in Ontario. There is lots of it in metropolitan Toronto. True, it is not there at the same rates of incidence that you will find in some of the more disadvantaged parts of the maritime provinces, but it is there—big and important. A relatively simple set of regional development policies worked out in terms of rather large regions is not going to get at it, and this we feel is a most important thing to keep in mind in the light of the current evolution of some of our economic development policies in this country.

In this next chart we slice the low-income population in yet another way according to where people live: in metropolitan areas, other urban areas, and rural areas. Let me remind you once again that according to the statistics we have available we have not been able to include the rural farm population. We do know that the incidence of rural farm-population-poverty is very high, probably in the neighbourhood of 50 per cent—at least in 1961. There may have been some decline since then, but we cannot be sure. Just bear in mind that we have not been able to include these rural farm people. However, we have a good many rural residents, nonetheless, in this particular chart.

Once again the incidence follows a very definite pattern: It is lower in metropolitan areas, higher in other urban areas, and very high in rural areas. It is nearly a half there. But again do not conclude from this that most of our poverty is therefore rural. Look again over at the left side of the chart and see those very large numbers of low-income families living in metropolitan areas. In other words, there are poverty problems in Montreal and Toronto, too, and let us not forget them.

We feel that the next chart is very important because it contains information which corrects a widespread public impression to the effect that most of our poor do not work—that they are on relief, that they are on public assistance of some kind, and that we must visualize them in those terms. Here again it is true in terms of incidence that, if you are not in the labour force, if you did no work during the year, your chances of being poor are very high. Indeed, chances are that you will be living on transfer payments of one kind or another—family allowances, old age pensions, et cetera. Those will be your principal sources of income. I have simplified, of course, but that is the general picture.

But once again, if you move over to the left of the chart you will see that in terms of absolute numbers the majority of our poor family head, quite a considerable majority, are working poor. They are in the labour force. They have jobs—some of the time, anyway. Their problem is that they are not making enough at those jobs. These people are the ones whom our present structure of policies notably does not reach effectively. It is just starting to reach out more effectively to them now. Under the Canada Assistance Plan, in the province of Saskatchewan, for example, they are just starting to reach some of the working poor under that piece of legislation.

Senator Cook: They would not be organized labour, would they?

Dr. McQueen: They would certainly be less organized. Most organized labour is to be found above the poverty lines that we have drawn, and it is an important characteristic of the poor that many of them work in industries and plants and places which, typically, are nonorganized. The percentage belonging to labour organizations is much lower for the poor than for others. There will be some union members in the low-income group, but

the majority of people so organized are above the poverty line.

Another characteristic of the low-income population of Canada which is significant is educational attainment. We did a considerable amount of analysis of this, looking at various characteristics of the poor and seeing which came out as most pervasively important. We found that education in many respects is one of the most important. Here you will notice that in terms of incidence and in terms of absolute numbers you get a somewhat similar pattern. Your chances of being poor are not very great if you have a university education or degree. They are greater if you have not progressed beyond secondary education, and if you have no schooling at all or only elementary education, then your chances of being poor are still greater, amounting to something like 38 per cent. In terms of absolute numbers you will find that the great majority of low income family head, had at best some elementary schooling, or even no schooling at all.

It is interesting to see what happens to incidence and numbers when you look at low-income families in terms of the number of earners in the family. As you see, in terms of incidence the chances of a family being poor where there is no earner in the family is very high, 80 per cent. Then if there is one earner in the family it drops to 30 per cent, and if there are two or more earners in the family there is another very sharp decline. In terms of absolute numbers, as you will see on the left-hand side of the picture, the majority of poor families are families with one earner.

Senator Roebuck: But that shows 100 per cent for one earner only. Surely there are many people who have means which take them over the poverty line even though they are not actually earning.

Dr. MacQueen: That is true, senator. This only goes to 80 per cent. There is a 20 per cent group of families with no earners who are above the poverty line.

Senator Belisle: In referring to one earner, that can be either the husband or the wife?

Dr. McQueen: It has been defined as any one earner in the family for the purposes of this category. It does not matter who that member is, whether it is the man or the woman.

One of the things you have to keep in mind here is that when you say that a family is

living below the poverty line it is not necessarily living just below the poverty line; it may be living along way below. Average incomes amongst these low-income population groups are considerably below the relevant poverty lines. This chart is shown in terms of 1961 dollars and we have not corrected it in relation to the movement in the cost of living since then, but we think that a similar chart drawn today would again show averages well below the poverty lines. Looking at this chart from the left to the right you will see the gap that there is between average income and the poverty line.

The chart now following is of some importance inasmuch as it indicates how great a role so called transfer payments, including such things as unemployment assistance, family allowances, old age security pensions and so forth play in the income structure of the poor. You will notice also the variations in relation to family size. The proportion of transfer payments, the solid black part of each bar, is highest for individuals not in families. It is somewhat lower for families of two. A lot of the elderly poor are to be found in these two groups, living in a state of high dependence on old age pensions. You will notice that the degree of dependency on transfer payments drops off in low-income families of three and even more so in families of four, but it starts to rise again as you get to families of five or more. One of the reasons for this is that in larger families the family allowance plays a greater role in the total income picture.

Further on the question of transfer payments, we here take a look at the composition of transfer payments to the low-income population and find emphasized a point I was mentioning a moment ago. Over on the left of the chart, looking at individuals and families of two, you will see the solid black bar representing family allowances plays no role at all in the first case and as very small role in families of two. You will notice that it is old age pensions which form the major part of transfer payments there. But as you move to the larger size families, the relative importance of old age pensions declines and the relative importance of family allowances shows a considerable increase.

Senator Cook: This takes in all government transfers?

Dr. McQueen: All transfers such as unemployment assistance and other benefits now

coming under the Canada Assistance Plan: Family allowances, Mothers' allowances, that kind of thing.

Senator Cook: But is that only federal?

Dr. McQueen: No, it covers all levels of government, senator. Now this next chart is by way of doing a simplistic little exercise which we thought might interest you. We talked a moment ago about transfer payments. I think in the minds of many Canadians may be the idea that transfer payments go mostly to the poor. This is not, in fact, the case. A lot of transfer payments go to the non-poor. In fact, more of the transfer payments in 1961 went to the people living above the poverty line than to those living below. That is the meaning of that first bar up there at the top. The sort of mottled black portion of the top bar represents transfer payments to people who, even without receiving those transfer payments, would still not have been poor. By contrast, the little white portion in the middle of the top bar represents transfer payments to people who would have been below the poverty line had they not received those transfer payments. That is the group that gets lifted up over the line by the transfer payments.

The Chairman: That is a quarter of the total?

Dr. McQueen: Less than a quarter.

The Chairman: I think you had better spell it out, because the members of the committee have some ideas on this.

Dr. McQueen: We could certainly let you have the numbers, senator, that went into making that chart.

You might, in addition, ask yourselves this: If one took all those transfer payments that went to the non-poor—that went to people who would not have been poor even if the transfer payments had been taken away from them—how much would that have done towards closing the “poverty gap” in Canada? This is a highly simplistic exercise, and I would not want you to draw any inference of a particular policy recommendation from it, but it gives an interesting slant on the dimensions of our problem. If you shifted that mottled portion of the top bar down to the lower bar, you would find that if you took these payments to the non-poor—those who would still have been non-poor without the payments—and added them to the payments to

the poor, you would still have been left with a very substantial short fall, had it been your objective, purely by transfer payments, to bring everybody up over the poverty line. You would still have had a substantial remaining problem, even if you had completely transformed the nature of your transfer payments in that fashion.

Senator Cook: Is the bottom line the number of families still?

Dr. McQueen: No, those are millions of dollars. That should have been indicated; I am sorry.

The Chairman: What you are saying, in effect, is, and the conclusion I am drawing—and perhaps it is a wrong conclusion—is that that little white square in some way or another indicates that money comes back to us, despite the fact it is a transfer payment.

Dr. McQueen: There are many senses in which transfer payments “come back”. They become part of people’s incomes, and those incomes are taxed in various ways, through direct and indirect taxes, and so forth. A transfer payment essentially represents an operation by which the Government taxes us, but do not use the money to buy goods and services. Instead, they merely transfer it to some other people. In some cases they transfer it to the same people. In part, this is how our family allowance system works. We are taxed by the Government, and then all families with children of appropriate age and status receive the family allowance. There is an element of administrative cost on the way, but basically it is a “passing through” of money.

The Chairman: But in the passing through of the money it has been said that, in part, an amount from those who do not require it, is recovered completely.

Dr. McQueen: You cannot say “completely”. You have to look at the income tax structure. You recover more from some people than from others.

The Chairman: But, in total, have you ever looked at it and said: Does it or does it not come back by way of taxation? You are very free to make all sorts of guesses, and since 1961 anybody could be right.

Dr. McQueen: We are talking about some very large sums of money, and we will have a look at it and see if we can give you something specific on it.

Senator Quart: Dr. McQueen, would the old age pensions come into that category?

Dr. McQueen: I am subject to correction from my supporters here—at least, I hope they are my supporters! I think that old age security pensions count as transfer payments, but not pensions arising from contributory schemes. The OAS pension of \$75 would be in, yes.

The Chairman: You are still in 1961, when you talk about \$75.

Dr. McQueen: I have forgotten about that supplement.

The Chairman: We live with it, you know.

Dr. McQueen: You are the worse person in the world before whom to have made that particular mistake.

Senator Cook: Following this exercise, do I understand the short fall would be \$800 million?

Dr. McQueen: Yes. If you want to have the net short fall, it would seem to be approximately of that order—the white area there.

It is rather interesting to note, incidentally, that the actual dollar size of that short fall does not seem to have changed all that much since 1961. If you made some allowance for the rise in the cost of living, it would show a decline; but if you did not, it would come out to about the same amount in current dollars, very roughly speaking.

Finally, you will be aware from our brief and our chapter that we took the line that approaching the problem of poverty primarily and directly as a problem of income distribution did not seem to us to be the most fruitful road. We went another road, to the drawing of poverty lines, following which we invited people to look at the situation of families living below those lines and to ask themselves: Isn’t this intolerable? Nevertheless, I think it is useful to keep in our minds some idea of the inequality of income distribution in Canada. All countries’ income distributions are of course in some degree unequal. Some are more unequal than others, but it is worth bearing in mind what the situation was in Canada in 1961, and there is no reason to suspect that it has really changed all that much since then. You find in 1961 that 20 per cent of the total income—we have expressed it as a slice of pie over on the left—went to the richest 8 per cent of families.

Senator Carter: Are you talking of earned income?

Dr. McQueen: Income from all sources, and before income tax. Down below, you find at the other end of the scale that only 6.6 per cent of the income, a much smaller piece of the pie, went to the poorest 20 per cent of families. Compare those slices of pie and the little dots representing families over on the right, and you find quite a striking picture. Of course, it would have been preferable to show you this data on an after-tax basis, but that is extremely difficult to do statistically. We did put in our Review the ratios of direct tax payments by families in different income groups, and it is in the material presented to you. What comes out, even if you take into account our progressively structured income tax, is that you still find very considerable inequality of the kind we have tried to depict for you here.

Senator Roebuck: What amount of the income would one put in that 20 per cent? Who are the richest? How much do they get?

Dr. McQueen: I am in a slight bind here, senator, in as much as the average income in each of these groups that I have before me here is in terms of 1965, so that there would be some difference from 1961. But, let me try to give you an idea. We are in better shape statistically on that poorest 20 per cent of families down at the bottom part of the chart. In 1965 their income averaged \$2,263—that is, before taxes.

Senator Roebuck: That is, it would run from \$1,800 to some \$4,000?

Dr. McQueen: That is right; that sort of range.

I cannot give you an exact parallel to that figure at the top part of the chart, but I can tell you that the richest 20 per cent of families in 1965 averaged \$13,016. The lowest income families in 1965 averaged \$2,263, and the highest income families averaged \$13,016. The other three-fifths of families are, of course, in between those figures.

Senator Roebuck: But that is overall. How about the richest people? What do they get?

Dr. McQueen: I cannot tell you right now what that richest 8 per cent got. I can tell you what the richest 20 per cent got. I can look at these figures and tell you on Thursday what the figure for the richest 8 per cent is.

Senator Roebuck: Give us the figure for the 20 per cent.

Dr. McQueen: The richest 20 per cent got \$13,000 a year on the average. That was their average and it includes, of course, a very wide range. It included people whose income was \$100,000 a year; it included people whose income was, say, \$10,000 a year. I think we can provide you on Thursday with a more detailed table which will answer all of your questions on this point.

Senator Roebuck: The whole circle is the gross national income of Canada?

Dr. McQueen: Yes, the total personal income, and those slices show what each of those family categories got. Mr. Chairman and honourable senators, I think that these charts may have served the purpose of making some of the particular points about the characteristics of poverty in Canada that seem to us important, and that this might give you some basis for questions.

In closing, I would like to say that I was looking earlier this morning at what I think is a rather great book by George Orwell. It deals with the subject of poverty and social class and is called *The Road to Wigan Pier*. At one point Orwell says:

It seemed to me then—it sometimes seems to me now for that matter—that economic injustice will stop the moment we want it to stop, and no sooner, and if we genuinely want it to stop the method adopted hardly matters.

I would not perhaps agree 100 per cent with that. I think that the method does matter to some extent, especially in the light of what we know about policies today and how to evaluate policies. Nevertheless what Orwell said there carries a very large measure of truth, that the will to stop economic injustice must be there. It is a *sine qua non*.

Monsieur le président, honorables sénateurs, comme je l'ai dit tout à l'heure, c'est pour nous un grand honneur de comparaître devant ce comité du Sénat du Canada.

Vous vous adressez à un problème important. Vous vous y adressez d'une façon sérieuse. Vous vous dirigez, comme l'a dit l'honorable sénateur Croll, vers un but défini: l'élimination de la pauvreté au Canada.

Il ne me reste qu'à vous souhaiter bonne chance.

The Chairman: You will remember that when Dr. McQueen commenced he indicated that he was going to deal with the definitions and dimensions of poverty. If he is not able to answer all of the questions you put to him today, he will answer them on Thursday. I urge you to ask him whatever questions there are in your minds today. If you ask him on Thursday and he does not know the answer you will have to wait until he is back at a later time.

Senator Carter: In the light of the witness's suggestion I think it would be worth while to start out with the poverty lines. You drew your poverty lines on a minimum standard of living for families of various sizes?

Dr. McQueen: Yes.

Senator Carter: You then took an arbitrary decision that 70 per cent of income is spent on food, shelter, and clothing?

Dr. McQueen: Yes.

Senator Carter: You made no mention of fuel. Fuel is a very important item, particularly in Canada. Is that included in shelter?

Dr. McQueen: I do not believe so, senator.

Senator Carter: Then, fuel would have to come out of the other 30 per cent?

Dr. McQueen: Perhaps I might ask Miss Podoluk about the fuel question.

Miss J. Podoluk, Statistician, Dominion Bureau of Statistics: Yes, fuel is included in shelter.

Dr. McQueen: I am sorry.

Senator Carter: Then, I am wondering what led you to conclude that 70 per cent of income is spent on those three items? How does that square with measurements in the U.S.A. and other countries?

Dr. McQueen: I think that it was partly with regard to other people's experience with drawing these poverty lines that we settled on the figure of 70 per cent. It is worth noting that one of the most widely used and widely propagated poverty lines in the United States is drawn by the so-called Orshansky method, which looks only at the proportion of family income spent on food. They do not even take into account clothing and shelter. It was in the light of other operations of this sort, and analyses of family budgets—there is a good deal of information on typical family expen-

diture patterns at different levels of income—it was on this basis essentially, and in the light of comparisons with other poverty lines, that the particular ones which we drew were developed. We fully realize, of course, that it is a very, very arbitrary sort of operation, and one of our recommendations was that the establishment of minimum living standards in Canada should be done on a much more thoroughgoing basis in future, taking specifically into account a great many more factors in the family income and expenditure picture. But, we needed something that we could develop within a short time, and we think that what we did was sufficient for the kind of purpose that we had in mind. However, it is not sufficient for some of the things we think that we shall need income lines for in the future.

Senator Carter: That was done in 1961.

Dr. McQueen: Yes, as of 1961.

Senator Carter: Have you taken any steps since to refine these measurements?

Dr. McQueen: We have not, senator, no. All that we have done, and we say this in the written brief to this committee, is to update those lines in respect of changes in the cost of living only. It is our understanding, on the basis of a statement by the Prime Minister on September 16, reported in *Hansard*, that the Government is taking some action to develop these measurements of minimum living standards in Canada. Knowing this is one of the reasons why we have not pushed further along these lines. There is certain further work also going on at the Dominion Bureau of Statistics in connection with their analysis of 1967 income figures, but since the Government has expressed its intention of taking over this line-drawing exercise and doing it on a more scientific basis, we have desisted.

Senator Carter: Has the Economic Council given any consideration to other dimensions of poverty besides the economic one?

Dr. McQueen: We have indeed, sir, insofar as it lies within our competence, but we are primarily economists and have realized from the inception of this operation that other skills are needed too—those of sociologists, social workers, anthropologists, political scientists and so forth. We have, of course, tried to take into account non-economic aspects of poverty, but we feel very strongly that a war on poverty has to be a multi-disciplinary operation in which all sorts of dif-

ferent skills are brought together. I hope you will be hearing—I am sure you will during the sittings of this committee—from representatives of other disciplines so that you can get a better idea of what they have to contribute.

Senator Carier: In your brief you implied that the welfare programs will not solve this problem. That means we have to find some way of trying to bring more of these people into production. You spoke about the economic waste because these people are not producing. On the graph you showed us the 600,000 families who were poor because they did not have sufficient education or skills. My question is: are we not starting a little too late to get these people into production? We are entering the post-industrial age in which job opportunities for that group, even if we educate them and give them skills, will diminish. Is it therefore worth while concentrating on that aspect of the solution? Are we not too late for that now?

Dr. McQueen: We must look at these cases individually, of course. In this connection I would mention two things. The total number of families in those charts is rather more of the order of 900,000. I would emphasize that the charts are not an attempt to tell you directly that poverty is caused by this or that specific factor. The charts deal with characteristics of the poor; they tell us that most of the poor have elementary, less than elementary or no education. However, I do not think it is legitimate to jump from that and say that the poverty of this group was caused by their lack of education. The causes are more complex and interwoven. Obviously, those anti-poverty policies that attempt to develop and enhance an income-earning potential will work only when there is a real potential there. Certainly, for some of the older members of the labour force, retraining is a great deal more difficult. It is not necessarily impossible by any means, but it is more difficult. It is more difficult to bring such people to the point where their income-earning capabilities are real, and that means relevant to the pattern of the needs for labour in the economy. It may well be the case in respect of this group that one has to think more in terms of income maintenance of one sort and another, notably transfer payments. However, as you look at the children of these families, the picture changes. With the younger children you have more income-earning potential to work on, and the emphasis there will tend

to be more on things such as education, training, personal development and community development.

One thing we have learned in the course of our admittedly brief work in this field is that you cannot draw hard and fast lines. You cannot draw hard and fast lines between welfare and non-welfare, between income maintenance and other approaches to fighting poverty. The two go together. Let me give one example. In the case of a family some members of which you wish to retrain so that they will be more in tune with the pattern of demand in the job market, it may nevertheless be necessary to provide that family with some income maintenance so that the people who are to be trained can be trained. If there is no income maintenance, they may not be able to come into the training program. All through the picture one gets this sort of thing: situations in which a bit of income maintenance and a bit of something else is needed, in varying proportions.

Senator Carier: I do not quite follow you. You say roughly 20 per cent of the population are below the poverty level. Let us say 10 per cent of them are old-age people outside the labour market. How are we going to avoid economic waste unless we can bring them into production? I do not see how we can bring them into production if the jobs are not going to be there.

Dr. McQueen: That is an extremely valid and central point, and one which perhaps I should have taken care to emphasize in the opening remarks this morning. In attacking poverty, everything depends on a satisfactory performance in the economy at large. That is to say, there must be economic growth, there must be a high level of employment. Without that we will not be able to make much progress with other anti-poverty devices. It is extremely important that the aggregate of employment opportunities in the economy be sufficient. This should never be forgotten.

Senator Carier: Canada, as an exporting country, must compete and meet heavy competition from the United States and from countries with lower wage structures and many other advantages. How can we compete unless we automate as much as possible? The more we automate the fewer jobs there will be.

Dr. McQueen: I do not think I quite agree with you there, senator. Our experience, par-

ticularly since 1960-61, has demonstrated that we can have both automation and lots of jobs; that if countries like the United States and Canada follow the right sorts of policies in the fiscal, monetary and other fields to bring about economic expansion in the country, we will get a situation in which there is automation, new capital investment of a kind that may very often displace labour, and yet still a strong rise in the number of jobs in the economy. All that automation really means under those circumstances—I am speaking in very broad terms—is that some people are going to have to change jobs. This is increasingly what is predicted for all of us; that during our working careers we will have to face the fact that we must change.

The Chairman: As you are doing.

Dr. McQueen: Yes. After all, we must remember that we have been automating ever since the industrial revolution. I think that one of the reasons why we are more conscious of automation today is because in the past automation was primarily seen as a threat to the man on the production line—to the man who worked with his hands. Now, with computers moving in to take over certain clerical and white-collar occupations, the middle class—a more highly educated and articulate group in society are feeling the threat. I think this may be one reason why the sense of public worry over automation is greater.

To repeat, though, one wants to look at the satisfactory economic experience since the early 60s, which indicates that we can have enough jobs and automation too.

Senator Carter: I have a lot more questions, but I will finish with this one. You said that ever since the industrial revolution we have gotten along very well. We have only done this because we have reduced a work week down to match jobs with people and you have only got so many hours in a week. You run out of hours eventually. I can see that you could project that process on into another five or 10 years. You cannot do it forever; the hours are not there to do it. You do not agree I take it with the economists who think that in 30 years time, by the year 2000, approximately 70 per cent of the Canadian work force will have to be paid for not working. You do not agree with that?

Dr. McQueen: No, I do not expect that, senator. I think that we may very well go on reducing our work week somewhat. Reducing

the work week is really a decision to take some of the fruits of our economy in a different form. You can take those fruits in the form of additional output of goods and services, or take them in the form of increased leisure. We have made that choice in reducing hours and increasing leisure. I cannot agree however, with the prediction that we will have this remarkable mass unemployment by the year 2000. I think if you look at our economy you will find that even as processes in the goods producing sector of economy—in manufacturing, for example—become automated, parallel with that you get an enormous growth of employment in the service industries. These industries now represent over half our economy in terms of employment. I would expect to see that kind of process continue. Some things will be automated, but new jobs will be created in new areas, provided there is enough demand pressure in the economy. Some of the new jobs will be created by the very machines which worry us. I think anybody who has been associated with computerizing on operation will be very much aware of the additional work for certain kinds of appropriately trained people that is created by installing a computer.

The Chairman: I have Senator Fournier and Senator Roebuck.

Senator Fournier (Madawaska-Restigouche): Mr. Chairman, some of the questions I wanted to ask have been answered. In your Fifth Annual Review on The Problem of Poverty you start in the very first line with the words, "Its numbers are not in the thousands, but the millions". I find this is a shocking statement and I do not quite agree with you when you say "the millions," because nobody has been able to define exactly what the poverty line is. I do not want an answer to that now, but I think it should be mentioned at a later date, because we are talking about poor people here and we do not really know what this is.

I would like to bring to the attention of the committee what makes people poor. I believe that our cost of living has contributed to the increase of a large number of poor families. I also believe that our easy access to social assistance has increased the numbers of so-called poor in Canada by thousands. I will not say millions. I am quite confident and I know as a fact that a great number of so-called poor today are drawing much more money

than you stated in your report. People who are above the figures you mention are drawing welfare today.

To me, welfare assistance has become the curse of the country if you get into it. I hope that this committee will give this question close attention when the times comes. It should be well scrutinized. It will be wasted effort to throw more money to people who cannot control their expenses, and I think this is one of the problems.

I believe you will find that the people I call "poor people" are very careful with their money, and every dollar that we can give them will be well spent. But there is a class of people across Canada now abusing all these things. I think this is one of the problems today—people who refuse to work but have the ability to do so. Many of them have training as mechanics, plumbers, electricians and railway employees. They have made it so fat and nice that they say they cannot afford to work. By staying home they can draw \$50 to \$60 a week whereas by working they only draw \$70 or \$75. They feel they would be working for only \$10 or \$20 a week so they stay home. We have thousands of these people across the country, and the situation is getting bad. This is really chewing up the country.

This is all I can say. I will come back to this later. I am not putting a question, but just placing on the record something that can be considered when the proper time comes.

The Chairman: Dr. McQueen has some comment.

Dr. McQueen: Senator, I think you have raised a number of important issues with which the committee will be concerned during its work. I might just mention that we too found the millions of poor at first difficult to believe, but as we continued to work with the data and to ask questions about it and assess its reliability, the members of our council were converted. There is really no doubt in our minds that the figure is in millions. It is of course true that one can argue about just where and how you draw a poverty line, but this very mixed group on the Economic Council arrived at the conclusion that we probably had the general order of magnitude about right.

You mentioned abuses of the welfare system. I think one wants to separate out the question of whether certain transfer payments

or other supposedly anti-poverty funds are going to people who do not really need them. Because of the way our laws read and the fashion in which the welfare system is set up, there is that sort of situation; but this must be distinguished from the other situation of outright abuse by people receiving payments or benefits who are not in fact eligible for those payments or benefits. Now, there is a great lack of hard, specific information on the latter kind of thing, and I would hope that might be one of the things this committee might be able to nail down a little more firmly.

It is our impression, on looking at various bits of data, from this country and the United States, that the percentage of malicious abuse, if you want to call it that, may well be no greater than the percentage of, say, people who cheat on their income tax or something like that. It would be a pretty small order of magnitude. However, it would be a most useful thing if the committee, in the course of its hearings across the country, could question people about this matter and see if we could establish a little more confidently just how much of that sort of thing there is.

Your intervention in general suggests that we would want to have a hard look at the whole structure of our existing welfare and related policies, to inquire into their objectives, and indicate whether the policies were helping to further the objectives. With all of that, I could agree whole-heartedly.

Senator Robichaud: You mentioned out-moded uses and people who pay income tax. I do believe that most of them do not pay income tax.

The Chairman: I think it is comparable. What Dr. McQueen has referred to is that the American Government, plagued with this charge, had a very extensive and expensive study made, over the whole of the United States, and came up with a percentage figure, and said this is about the amount of cheating that is being done, but it is no different from the percentage of those cheating in respect of paying income tax, sales tax, unemployment insurance and so on. In other words, this was the typical American, in every sense. He is doing a little cheating in the same way as other persons, but it is a very small number.

Senator Robichaud: We have smart Canadians, too.

The Chairman: The average is about the same in Canada.

Senator Belisle: Can I put a supplementary question?

The Chairman: Everyone is going to have all the time necessary. Any senator can come back and ask more questions. We have a fund of information here today in Dr. McQueen, which we should use. Senator Roebuck.

Senator Roebuck: I had only an observation to make, arising out of what Senator Carter has said about automation. I was going to comment that we, being an exporting country, must compete with others abroad, if we are going to keep our jobs, not necessarily gain more, but even keep what we have, and we must have the use of the best tools available. That was all I wanted to say at the moment. I have something else to say later on, as the work goes on. I want to pay a tribute to the speaker and to the Council, but not now.

Senator Robichaud: Not yet?

Senator Roebuck: Let me say it now, then. I think it should be in the record that we highly appreciate the courage with which the Council has brought this matter to light. There has been a desire on the part of a great many people to sweep it under the carpet, but the Council has brought it up.

I can include you, Mr. Chairman, in the remarks, as having taken the initiative here. The Council took the initiative in the first instance and as a result of that we are studying it, and I hope that we will get to the very bottom of it.

The Council should have our backing and we should express it, and I am expressing it now, in appreciating their courage and appreciating the industry which they have exhibited so far. I like still better their assertion that they have only just begun, and that they are going on with this inquiry.

The presentation of the case by Mr. McQueen today has been a marvel, it has been wonderful, it is highly appreciated by us, and I want to say so. I want to thank him on behalf of myself and everybody else who is here.

The Chairman: Senator Roebuck, as usual you speak the mind of the committee.

Senator McGrand: I understand you will be back on Thursday to answer a question?

Dr. McQueen: Yes, sir.

Senator McGrand: I wish to follow up Senator Carter's question about automation and full employment. If we are going to maintain full employment, it is often done by using an article and throwing it away. I believe it is called built-in obsolescence. It is done by the use of demand pressure. You mentioned demand pressure. Does not this built-in obsolescence or demand pressure lead to more poverty? I realize you cannot answer this question now but probably you could answer it on Thursday?

Dr. McQueen: I might have a preliminary shot at it now, senator. On the question of built-in obsolescence, in the first place, there are certain things in respect of which obsolescence is quite an advantage. For example, there is the disposable diaper, which many mothers have found useful and worthwhile, though it has built-in obsolescence. The important thing is that the consumer should be aware of the likely obsolescence of an article. This is where we may be deficient. The consumer should be able to make a fair choice and know that the article will probably last a certain time, whereas another version may have a longer life. He may then compare characteristics and prices and make his decision.

I agree that obsolescence should not be a secret. We need more product testing, we need to know what rate of obsolescence we are buying.

I cannot feel that the end of all this process is greater unemployment. I would not deny that automation poses some very important economic problems. They are mostly problems of changeover, of transferring resources from one line of production to another—problems of retraining people who have been displaced by automation. These are very real problems and it is extremely important to our overall economic success that we tackle them properly.

The one thing I cannot really agree with is that the continuing process of automation and capital investment is going to lead to some kind of disaster. I cannot find in our economic experience so far evidence that this is where we are headed.

Senator McGrand: I do not think we are thinking exactly along the same lines. Having read some of the Vance Packard's books, "Waste Makers", and so on, there are a number of people who are aware that in throwing away or disposing of things, using them for a

certain time and throwing them away, we are thus disposing of hours of work and money, which we are throwing away. I understand about the disposable diaper, and the same thing about the use of Kleenex instead of a handkerchief. I am not thinking of that, I am thinking about the things which are actual waste. When you get waste, you get want; and when you get want, you get poverty. That is the line I was hoping you would discuss.

Dr. McQueen: All right.

The Chairman: I have Senator Belisle and Senator Cook.

Senator Belisle: Knowing how much it costs to put a student through school and university, has the economic Council made a survey or an estimate as to how much it costs to sustain a family or an individual on welfare through its lifetime; and if you have the figure, is the figure only telling us that we have only maintained him at the poverty line?

Dr. McQueen: It might just be possible to give a calculation of that sort, based on our existing welfare system and assuming that the person you have in mind is resident in a certain province where the welfare conditions are thus and so. We might see if it is possible to make such an estimate. There was one made in the United States some years ago, that if you take a person who is from the age of 17 continuously on welfare, and you look at his typical life expectancy, that the cost to government—just the financial cost of sustaining that person on welfare—might be of the order of \$140,000. But of course there are other costs that that does not take into account—for example, the cost of what that person might have produced had we better developed him for participation in our economy and our society. We can certainly see whether we can make some estimate.

Senator Belisle: Knowing that the United Nations Declaration of Human Rights states that everyone has the right to a standard of living adequate to the health and well-being of himself and his family, does the Economic Council feel that there are Canadians at present who are denied the right of a livelihood above the poverty lines?

Dr. McQueen: The Council has not at any time in its discussion of poverty had that U.N. Declaration before it. I do not know to what extent, therefore, I could speak for them on

that. All I can say is that it is clearly the view of the Economic Council that the situation of poverty which afflicts some millions of Canadians now is unacceptable. I think all I am really authorized to do at the moment is to suggest putting that statement beside the U.N. Declaration.

Senator Belisle: I certainly agree with the first part of your sentence.

Senator Cook: I gathered from the charts that, without increasing expenditure, some progress could be made to helping those now suffering from poverty by redistributing the transfer payments.

Dr. McQueen: That was the sort of statistical exercise that was suggested by one of the charts which we showed you, senator. I was very careful to point out before we showed you that chart that a specific policy recommendation was not implicit in it. I think your question raises a group of extremely important issues, however. It raises the question of the extent to which our present welfare system is in fact oriented towards the poor and the extent to which our present welfare system is in fact oriented towards the poor and the extent to which it might be more so oriented. It also raises the question of selective versus universal programs; of programs, which proceed in the first instance to direct a stream of expenditures towards a given group in the community—the poor; and other policies which are more universal in character but where there is some recovery from the better-off members of the community by way of the tax system.

I just do not like at this point to make any too definite pronouncement that would suggest that one's choices should go one way or another. I suggest to you that this question will be with you throughout your inquiry and that it is not an easy one.

The Chairman: It is the hottest question the Government has before it at the moment. I might say you boxed us off on that nicely.

Senator Cook: That would bring up the question of selectivity, would it not?

Dr. McQueen: Of course. The question is very much before you.

Senator Cook: Would a means test be a big handicap?

Dr. McQueen: Well, there are means tests and there are means tests. There are things

which go under other names, too, such as needs tests or income tests. Some such tests, in the light of practical experience, seem to be a good deal more acceptable than others. It is a fact, of course, that we all pass a means test of a sort around this time of the year, when we make out a certain form and perhaps include a certain amount of money with it. But I think you will want to be conscious of the great range of so-called means tests before reaching too clear-cut a decision on the matter of whether one should or should not have such tests.

A very interesting thing is happening in the United States right now in respect of certain federal programs. There is a move to substitute a new test for the traditional form of means test which involved a case worker or some other official actually visiting the family and making certain assessments of it and so on. The idea is to replace all that by a simple declaration very similar to an income tax declaration.

The Chairman: Or an Old Age Security declaration.

Dr. McQueen: That is right. There is some experience to suggest that this may not work out at all badly. There will be some abuse, but not all that much, and a lot of the costs of checking up on people implicit in older means tests systems will be avoided.

There again is something you will very much be wanting to have a close look at.

Senator Cook: Our experience to date seems to show that expenditures on education are well worthwhile.

Dr. McQueen: Certainly, it has been the conclusion of the Council in another connection, that of general economic growth, that our educational process, our educational structure in this country has been deficient; that our failure to perform as well as we might have performed, notably during the inter-war years, may help to account for a considerable part of the productivity gap between ourselves and the Americans. There is no doubt that education is a very relevant factor in a war on poverty. It is one of the classes of remedies which we will want to be looking at.

But one does not just want to say that we need more education. We must ask how much more and what kind. Those are the questions that must be asked, and the question must also be asked whether we have taken enough

account of the educational processes that go on for a child, virtually from birth to the time of entry into the formal school system. This is shaping up potentially as a very important matter to which we must pay more attention. You will have noted from our submission that we are, jointly with the Vanier Institute, sponsoring a research project in this area.

Senator Cook: Would you not agree that, even if a person cannot get a job, it is easier to help an educated individual to escape the worst effects of poverty?

Dr. McQueen: I think that is absolutely true, senator. I think for a man who is displaced by automation and has to be retrained...

Senator Cook: Or a woman.

Dr. McQueen: ...or a woman, certainly, the retraining is ever so much easier to carry out, if there is a good basic level of education there. That is true, unquestionably.

The Chairman: Just one question arising from Senator Cook's questions. Without expressing an opinion, assume that you were at college and a student asked you to give the pros and cons for selectivity as against universality. What would you say? You may answer that question on Thursday, without expressing an opinion, and take your time.

Dr. McQueen: That might, senator, be a very appropriate topic to take up in the opening remarks on Thursday.

The Chairman: That is fine. You need not tell us what you think now.

Senator Fergusson: Mr. Chairman, I suppose it is because I come from the Atlantic Provinces that I am particularly interested in the rural development programs under the Canada Manpower Act. They are being pursued at the present time. I would like to know if the Council feels or if Dr. McQueen feels that poverty in those areas can be eliminated or even if not eliminated substantially reduced through these programs?

Dr. McQueen: Senator Fergusson, I feel that I am not the most appropriate person to give any sort of evaluation of some of these programs, some of which are quite different from programs which were carried out before. I think that when you have representatives here from the new Department of Regional Economic Expansion they will be

able to give you a much better assessment than I can. I would however observe that the emphasis of rural development programs has undergone quite a change in the past few years and I think a very important critique of those programs was put forward in a special study for the Economic Council by Helen Buckley and Eva Tihanyi on programs for rural adjustment. I think some of the points raised in that study are highly relevant to the effect of these programs in eliminating rural poverty.

Senator Fergusson: If I may have a second question, Mr. Chairman, I would like to pursue what Senator Fournier (Madawaska-Restigouche) said and Dr. McQueen's reply when Senator Fournier pointed out that there are some people who stay at home because they feel they can get more from welfare than they would by working in some job where they receive low wages. Dr. McQueen's reply was that there are no more people cheating in this area than there are cheating on income tax. Now how do you define cheating? If a person can legally obtain more under the acts as they are set up than he can obtain by working for low wages, would you consider that he is cheating if he takes advantage of this?

Dr. McQueen: I certainly would not include that as cheating. I used a restrictive definition of cheating, applying to a person who arranges to get benefits to which he is not by law entitled.

Senator Fergusson: We hear criticism so often that our laws permit that sort of cheating, if you use the word that way. Do you think that the welfare programs we have now tend to promote that sort of thing?

Dr. McQueen: It certainly has been brought to our attention that the type of situation can exist where a person can get a larger income on welfare than by working at the only type of job for which he is eligible. At the same time, it has been brought to our attention by social workers in Toronto and Ottawa, for example, that quite often you will find cases of people working at jobs where they receive less income than they would get under welfare programs. This is a very wide-spread phenomenon. We are not as indolent a people nor are we as lacking in pride as we sometimes think. Of course the nub of the situation and the thing that is wrong is that the people concerned can make so little in paid employ-

ment, and the problem is to bring them up to the stage where they can make more. The fact that they are working at all is some encouragement. These people are labour-force oriented and are in the labour force and this in itself indicates that our chances of doing something for them are improving.

Senator Fergusson: I do not agree with Senator Fournier on this point. I have more faith in people and I firmly believe there are people who will work rather than take welfare even though they do not earn quite so much. I want to put myself on record as believing that. With regard to our social welfare program, I just wondered whether it rather encourages people the way it is set up now.

Dr. McQueen: Here again, I think you want to pursue this question with people who are much more knowledgeable about the details of our present welfare structure than I am. However, it certainly was our impression that at certain points in the system you will find situations where there is a lack of incentives. For example, take a situation where a person is living in subsidized housing. If he takes a job he may lose his right to subsidized housing and will, in effect, be taxed at 100 per cent on the additional income, or more. That is quite obviously bad. All welfare structures, all anti-poverty structures, should contain some kind of incentive for those who have potential to seek earnings. I am sure that you will find this problem coming up again and again during the course of your hearings.

Senator Pearson: Referring to the figures in the Council's brief on page 6, the bottom of the second paragraph, and then again to page 108 of the Fifth Annual Review, the bottom paragraph on that page, you, or whoever drew this up, have set out the figures of \$1,800 a year for a single person and \$3,000 for a family of two, etcetera.

Dr. McQueen: Yes.

Senator Pearson: It is \$1,800 for a single person, and then 3,000 for two, which reduces the amount to \$1,500 per person.

Dr. McQueen: Yes.

Senator Pearson: Then the next one, for a family of three, is \$3,600, so each person is reduced to \$1,200. Then you go down to four people at \$1,050 each; and for a family of five it is \$960 each.

Dr. McQueen: Excuse me, senator, but to which page are you referring?

Senator Pearson: This is page 6 of the brief, the second paragraph, near the bottom.

Then you come to the Fifth Annual Review, page 108, the last paragraph.

Dr. McQueen: Yes.

Senator Pearson: There you have the incomes which are even less than those. It is \$1,500, which is \$300 less than the \$1,800.

Dr. McQueen: Yes.

Senator Pearson: Then you have \$2,500 for two, which is \$500 less than in the other case. Then, as you go on, the difference increases as the family gets larger.

Dr. McQueen: I think we have two different things here: first of all, the apparent discrepancies between the chapter of the Review and page 6 of our brief. In the brief we thought it appropriate, to give things a more up-to-date tinge, to adjust our figures for the increase in the cost of living since 1961, so \$1,800 a year for a single person, which compares with \$1,500 in the original review, a difference of \$300, does take care of the increase in the cost of living since 1961. As to the gaps you get here, you move from \$1,800 a year for a single person up by \$1,200 in order to reach the figure for a family of two. What this is saying essentially is that while two together cannot live as cheaply as one, they can live a bit more cheaply than two, if you follow me. Then, from that point on, from the two-person family up, in the figures in our brief we move up at the rate of \$600 per child.

Senator Pearson: But would it not cost a little bit more if there are teenagers in the family. An 18-year old would cost as much as the \$1,800 for the adult, would he not?

Dr. McQueen: It would certainly be more costly for teenagers. This is, I suppose, an average—our figures assume children of some average age.

Senator Pearson: You do not know where these figures come from?

Dr. McQueen: We know where they come from all right, and if you like we could have Miss Podoluk testify on some of the detail here.

Senator Pearson: I would like that, yes.

Dr. McQueen: Then perhaps, I might invite her to come up here.

Miss Podoluk: As Dr. McQueen indicated earlier, the figures are rather crude ones. The American poverty lines, for example, were drawn much more elaborately, taking into account the age and sex position of families. I think the Americans lines were drawn up in terms of 120 different possible combinations of family members. If we had attempted something like that we might have had less than an additional \$600. If there had been a baby then the figure would have been less than that for a child who is a teenager. This was an average estimate. The American experience, for instance, indicated that on average as families increase you need approximately another \$500 per person to be added to the family income.

Senator Pearson: In other words, the family income, should, as the children grow older, be reviewed all the time in respect to increasing the amount?

Miss Podoluk: Yes. A four-person family with two teenaged children would need more income to maintain the same minimum than a family with two children aged one and three. That certainly would be the case.

Senator Pearson: Thank you.

Senator Quart: I do not know very much about this. I am very inexperienced. I am not an economist. I might be good for the economy of the country, because I like to spend money. In this inquiry I am going to be a sort of devil's advocate. What I say are mere observations, and they may not be worth five cents as a contribution to this discussion.

From talking to many, many people over many years, it seems to me that we should appeal to employers to not require a Ph.D. to fill a vacancy for a janitor. I could mention one discouraged person of whom I know. He has a fairly good education—high school, and perhaps a little more—but every time he applies for a job he finds that the job requires so many qualifications that he is not eligible for it. At the present time he is working as a houseman for a private club, and he has qualifications for a job much more important than that. I think that employers will have to be a good deal more reasonable, otherwise they will be creating unemployment.

I have some experience in trying to find jobs for students during their vacations. I am a member of a women's club that employs 18 or 19 staff. We have our various problems. Of course, students whose parents have influence, or are politicians, will be offered opportunities for employment. In these cases the parents of the students can well afford to pay. Therefore it comes back to the employer being guilty of not considering cases. I do not go along with all this business of paying everything for students. My family—and I hope it will be the same with my grandchildren—do not want anything from anybody. My family paid to educate our children. I think there is too much coddling and not exacting payment from parents who can afford it. That is another gripe. The parents of these students coming into this market can afford to pay for their university education. Would that again not help to create an unemployment jam? This poses the question of the alertness of employers, who should try to engage those who really need the employment.

My third gripe concerns Canada Manpower. They have been very polite, but they have never been able to deliver the goods in the form of pantry-maids, waitresses or housemen. Last year I said I wondered why the office exists at all. I told you I was going to be a devil's advocate. Last year I wondered why we keep the office if they can never find waitresses and so on. The Canadian Legion have provided housemen. Every time we have 'phoned they have said they would send someone. We did get from an organization similar to Office Overload a man to rake up the garden for this women's club, but we have never got anyone from Canada Manpower. Where is all this unemployment? I know you cannot answer the question, Dr. McQueen, but I want some answers from someone.

The Chairman: Canada Manpower will be before the committee.

Senator Quart: Oh good. I did register my complaint last summer.

The Chairman: They will be coming before the committee so you can save that for them.

Senator Quart: I just thought I would like to talk on this problem.

The Chairman: It is lovely to hear you.

Dr. McQueen: Senator Quart, you raise some pretty important questions concerning

our labour market in this country. These questions are, in my view, extremely relevant to the problem of poverty. You suggested that employers should not require a Ph.D.-holder for a janitor. This suggests an important principle. Further than that, however, I do not think an employer should try to take on the role of a social worker.

Senator Quart: I agree.

Dr. McQueen: He should not seek to give a job to one man because he needs it more than another. I think that on the whole things work out better if employers make hiring decisions on the basis of their own economic interests. Some recent experiments in the United States on job creation for the so-called hard core unemployed indicate that many employers have not been using hiring practices that are in their own best interests.

Some of them, for example, have been using educational qualifications as a convenient sort of screen for deciding that they will hire this person and not that person and they have not devoted enough attention to examining the job and considering just what level of qualifications are required for it anyway. In the United States I think it has been found that in some cases you can take what appears to be a job vacancy. Let me oversimplify and say that you have a vacancy that seems to come in around \$12,000, or something like that. You may find if you examine this job carefully that you can perfectly well split it up, to the employer's own advantage, into two \$6,000 a year jobs for employees of lower educational qualifications. I have been oversimplifying; but the point is that we are learning many things about this matter of hiring practices in relation to qualifications and it very definitely needs to be looked into.

With regard to the students working during vacation, the point that occurred to me is that it would be an undue interference with market forces to say that certain students, whose parents are well off, should not go into the summer job market. I do think however, that you touched upon an important point to the effect that our labour market is biased. It does not operate fairly. As you suggested, the student with influence and connections is much more likely to get a job than a student without those advantages. This is something you find in a much more general way throughout the labour market. You find that the poor, amongst their other disadvantages, are for a variety of understandable reasons

less well informed about the job opportunities that are open to them, particularly those which are some distance away geographically. The better-off person generally has better connections and sources of information, and knows when a job comes free. He has an advantage.

I think one of the ways you fight against poverty is to try and put those disadvantaged workers into a position where they can "play" the labour market more effectively as an operating instrument for matching people and jobs. There again I think that is something you want to take up with the manpower people.

Regarding the third of your questions, I am simply going to "cop out" and suggest that you put it to the Manpower Department.

Senator Kinnear: Thank you.

Senator Inman: I have one question, Mr. Chairman, which rather interests me. We all know there are different degrees of poverty and I was wondering, Dr. McQueen, when you were making your studies where did you find the greater depth of poverty, in the urban or the rural areas? I come from a rural province so I am interested.

Dr. McQueen: Senator Inman, the greatest incidence of poverty and the highest per cent of poverty is definitely found in rural areas. There is no question about that. We would immediately go on to add that while the percentage of poverty in, say, Montreal or Toronto is much less than, say, northern New Brunswick or the Gaspé, the numbers are still important and they should not be forgotten. There is a poverty problem in the so-called affluent regions of this country too.

Senator Inman: I am thinking of a degree of poverty, such as country people. Are they in as bad circumstances in their poverty, generally speaking?

Dr. McQueen: I think this is an important fact which has to be taken into account when you go into a really sophisticated exercise of drawing poverty lines. You have to have some regard to the different circumstances of country people. One example is their ability to grow their own food and very often too you will find that they are more likely to own their own homes. That may be an advantage too. There are differences of this sort between urban and rural areas and I think a thorough-going exercise of drawing poverty lines will have to take this sort of thing into account.

Senator Carter: I would like to just follow along Senator Inman's line of questioning there. This draft that you showed us earlier were the numbers in metropolitan areas, in what we might call highly industrialized areas, you pointed out that industrialization of the underdeveloped regions of Canada are not necessarily the answer to poverty. How do you account or what is the main reason for all that poverty in a highly industrialized area?

Dr. McQueen: First, senator, let me make quite clear that I am not against the industrialization of underdeveloped regions. I am not against regional development programs; very far from it. I wanted to make earlier the point that regional development programs are part of the answer to poverty, but by no means the whole answer.

How does one account for the existence of poverty in heavily industrialized areas? In a variety of ways, I suppose. One finds people there who, for one reason or another, are disadvantaged, who cannot enter the labour force. Another thing you find is that a lot of urban poverty is rural in origin, that a lot of those who are poor in metropolitan areas are people who originally came from farming communities where their circumstances were so bad that they decided to move. All too often such people arrive in the city and find they have insufficient education and insufficient skills to get a decent job, thus they become part of the body of urban poor. That is one of the important ways in which urban poverty arises in this country, as it does in the United States. This is not to say however, that a lot of the urban poverty is not amongst urban people.

Senator Carter: I was interested in the other graph you showed, the labour force, with a 20 per cent incidence of poverty. Your graph showed around 550,000 families. How many of that almost 600,000 would have the 20 per cent incidence of poverty? If you start to bring those people up above the poverty level—apparently these people are employed, and they are working for people but their wages are not enough.

Dr. McQueen: That is right.

Senator Carter: How can you come to grips with this? Why are their wages not enough? Are their wages commensurate with their productivity? Is the answer in increasing the productivity of these people or in increasing

the productivity of the people who employ them? How do you come to grips with this? I think Senator Cook brought up a point that they are not organized, that they are not part of organized labour and therefore have no bargaining power. If you succeed in raising their level of income, would you not automatically raise the cost of living and create a higher incidence of poverty for others?

Dr. McQueen: I do not think you would, senator, because you would indeed be raising their incomes but you would be raising their output, too. Their incomes would be higher in money, but their output would be higher too, providing more goods for that money to chase, as it were. You are moving up on both sides. So I do not think it would add to inflationary problems. You may have some cost in retraining the people, and that is part of your aggregate expenditure picture in the country. But if you really succeed in raising their incomes, you can say that you have really done so because you have raised their productivity, that they command higher incomes because they are producing more.

Senator Carter: Has the Economic Council done any research to show why the incomes of these people are so low? If they are gainfully employed, why they are not earning more to live on?

Dr. McQueen: It is very difficult to answer the question directly. You can do some of the kind of cross-sectional analyses that we did on this poverty data for the Fifth Annual Review. Amongst people who are working for low wages, you find certain characteristics, and you can draw certain inferences. You can find that the level of education has quite a bit to do with it. In other cases, you may find other factors. Perhaps the person can only work part-time; perhaps she is a mother with a family.

Senator Carter: You have a graph there for part-time workers. These I speak of are people on your graph employed full-time. You had another graph with part-time workers with a higher incidence. But this is the 20 per cent of people employed full-time the year round. There is something either wrong with the productivity of the person or wrong with the state of the industry employing him, if he cannot in this day and age earn a living. Where is the problem? Is it with the man or with the firm?

The Chairman: That is one of the decisions you are going to have to make before this committee finishes up. Perhaps Dr. McQueen can help us there.

Dr. McQueen: I would think that in the case of the working poor one would certainly want to look very hard at the educational and training aspects of the question. One would also want to take a good look at the labour mobility aspect. It may be that there exist somewhere else, or in another industry, job openings for these people at higher rates of pay—and rates of pay which are quite justified in terms of marginal productivity; but they may be ignorant of these openings. Or there may not be the necessary help, for example, to move the family to the location of the higher-paid job opportunity. You would want to look at that aspect of the question as well.

In a sense, I suppose, the problem of low wage-low productivity industries is a problem in its own right. I think you would want to study these particular industries and discover just why it was that this sort of situation obtained; or whether a particular industry should in fact cease to exist rather than hang on by its fingertips; or, alternatively, whether some substitution of capital for labour, or some other decision of this type, might bring about a situation where you got higher productivity. Productivity is not just a matter which concerns the individual worker; it concerns the whole economic context: the firm, the management, how efficiently the whole plant is running, and things like that. If productivity is low, it is not necessarily just the working man's fault. The fault may be spread around. You have quite a problem here, but it is a very real and relevant one.

Senator Carter: It may very well be managerial faults.

The Chairman: That is what he is saying. While you are on this point, Dr. McQueen, is there any future in subsidizing that sort of industry?

Dr. McQueen: Well, by virtue of the fact that an industry is paying very low wages, there is an opening presumption anyway that it may be a pretty marginal sort of industry which is just managing to hang on.

The Chairman: The problem of our working poor has great dimensions. It is spread all over the country. They are not all marginal cases. They are getting by, but not making a decent living. The industry is getting by and the people are getting by in a poor sort of way, but this is a real problem. What can we do?

Senator Cook: Could you subsidize the wages?

The Chairman: You mean, the minimum wage increase?

Senator Cook: Could you subsidize the wage not of the industry but of the man? Say the man makes a dollar; he is paid \$1.20.

The Chairman: I just raised the question of subsidization. I was thinking broadly. Dr. McQueen is not too sure of that. Suppose you think it over until Thursday.

Dr. McQueen: We have thought about it a bit already an it is a difficult problem. Perhaps we should think about it some more and come back to you on Thursday. In a sense you have two separate problems here. We will tackle this one on Thursday.

The Chairman: We are very anxious to hear from you on it.

Has anyone else any questions? There are two matters I want Dr. McQueen to speak about when he comes back on Thursday. I would like very much if you could give us an educated guess as to the number of people who would likely be in the category of disadvantaged, and the category of female heads of households. Do the best you can on the others as well, because otherwise we will have difficulty reaching any conclusion.

Are there any other questions?

Senator Roebuck: I would like to say something about Thursday, Mr. Chairman. So far we have discussed a number of subjects. Dr. McQueen has made the statement that education is not much good in the matter of employment, if there are no jobs available. But the nub of our considerations, I think, is not the handout of more or less assistance but rather the making of more jobs, the better development of our natural resources and the improvement of our economics in that way.

Education in itself is not the answer. I am all in favour of education, of course, and added skills, but at the present time we have the best educated work force in the world, and we have a very large number of people who although highly skilled are out of employment. Senator Quart made a very nice statement when she said "you don't need a B.A. to fill a janitor's job." I know of course that employers sometimes make the answer, and it is a genuine one, that when you are employing somebody in a menial job you are hoping that he will advance and later on take over a more responsible and more demanding occupation and so you choose somebody who is better educated. But the question of education and the amount of education is not in itself the answer to our problem. It only means that those with the least education are the ones who are squeezed out.

Perhaps on Thursday you can give us some thoughts on the question of employment, and increasing employment because if you had more jobs than you had people looking for jobs then you would have less people unemployed. As I say, in my view the problem is how to make jobs and what is necessary in our economy to encourage industry to create employment and then let competition enter into the picture so far as wages and conditions of employment are concerned. I have no doubt that if you were to deal with this subject you could make a very real contribution to our thought.

Senator Carter: Mr. Chairman, I would just like to add that perhaps on Thursday Dr. McQueen could enlarge on some points in his brief dealing with the various jurisdictions, new anti-poverty ideas, new non-welfare approaches and things like that.

The Chairman: I would also hope that on Thursday you could talk to us about the economic cost of poverty in terms other than social welfare. Furthermore, you made a statement on another page in which you said "an awareness of a potentiality for social unrest". We have heard something of that in this country from the two men we sent across the country. They reported to me yesterday, but I am a little sceptical. I would like to hear from you on that.

Honourable senators, we have been here since 9.30 and I thank the committee not just for the attendance but for the interest and concern they have shown. I want particularly to thank Dr. McQueen for the valuable information he is giving us, which will be useful to us in this study.

On behalf of the committee, Senator Roebuck has already indicated to you our

appreciation, and I reiterate it. We look forward to the answers on Thursday. We will take a look at the record and give you a call to touch a few other important subjects. So, for today, with your consent, I will adjourn the meeting. Thank you very much.

The committee adjourned.

APPENDIX A

BRIEFTO THE SPECIAL COMMITTEE ON POVERTYOF THE SENATE OF CANADAAPRIL 1969

Submitted by
Economic Council of Canada

The Economic Council of Canada warmly welcomes the setting up of the Special Senate Committee on Poverty and appreciates the honour of being the first organization called upon to testify before the Committee. There can be no doubt about the importance for Canadian society and the Canadian economy of the problem to be considered by the Committee, or about the timeliness of the Senate's initiative.

The creation of a Senate Committee was one of the specific recommendations made by the Economic Council in the chapter on poverty in the Council's Fifth Annual Review. The Council felt on the basis of its own preliminary work that there was a strong need for other institutions to become involved in the analysis of poverty, including particularly some organization armed with both a research capacity and powers of public enquiry. The body which has been set up answers these requirements admirably.

The Committee has it in its power to make at least three important types of contribution. First, given the co-operation of both governmental and private witnesses and of the information media, it can conduct a kind of protracted public seminar which will bring home to Canadians the extent and consequences of poverty in this country. Secondly, with the aid again of witnesses and also of its own research staff, it can fill some of the crucial knowledge gaps which currently bedevil adequate analysis of poverty and of policies to eliminate it. Finally, the Committee can do much to build a broad public consensus in favour of moving towards a sounder and more purposeful structure of anti-poverty policies than we have today.

The public expression of concern about poverty is not of course new. It may be traced back to biblical times and beyond. Sometimes the view taken has been pessimistic and resigned, to the effect that the poor will always be with us; sometimes, by contrast, the hope has been held out of lifting once and for all this socio-economic blight, as when in recent years a President of the United States pledged his administration to the elimination of poverty in that country. It is interesting to note that one of the great classical economists, Alfred Marshall, writing towards the end of the nineteenth century, stated that the steady progress of the English working classes had given practical interest to the question

"... whether it is really impossible that all should start in the world with a fair chance of leading a cultured life, free from the pains of poverty and the stagnating influences of excessive mechanical toil; and this question is being pressed to the front by the growing earnestness of the age.

"The question cannot be fully answered by economic science. For the answer depends partly on the moral and political capabilities of human nature, and on these matters the economist has no special means of information: he must do as others do, and guess as best he can. But the answer depends in a great measure upon facts and inferences, which are within the province of economics; and this it is which gives to economic studies their chief and their highest interest."^{1/}

A generation ago, much of the concern of economists and indeed of others related to the avoidance of the kind of large-scale poverty that was associated with mass unemployment in the Great Depression of the 1930's. Thanks to the development of better tools of economic stabilization, poverty of such a scale and type has not recurred in the postwar period. Beginning in the 1950's, however, there was growing recognition that general economic expansion in North America was not emptying certain persistent pockets of poverty. The phenomenon was noted in John Kenneth Galbraith's The Affluent Society, and subsequently became the theme of Michael Harrington's remarkable

^{1/} Alfred Marshall, Principles of Economics, Book I, Chapter I.

book, The Other America. Since then, the subject has become increasingly prominent in public discussion in the United States, partly on account of its association with other major issues such as the struggle to achieve full economic, social and political status for black people.

Meanwhile, it was clear that there existed a persisting poverty problem in Canada of somewhat the same type as that of the United States, although with certain obvious points of difference. One response to this was the creation by the federal government in 1965 of a Special Planning Secretariat of the Privy Council to co-ordinate anti-poverty policies. The Secretariat was absorbed into the staff of the Privy Council in 1968 and its functions discontinued or transferred to other departments, but with the publication of the Economic Council's Fifth Annual Review and the subsequent creation of the Senate Special Committee, the persistence of extensive poverty in Canada once again became a subject of widespread public discussion.

The Economic Council of Canada is an independent advisory body set up under federal legislation in 1963. Its membership, normally 28, is broadly representative of various groups in society. It enjoys great freedom of publication, and has utilized this freedom to comment constructively on a number of public policy issues. The Council is charged by its legislation to be concerned with medium-and longer-term developments in the Canadian economy, and to carry out certain more specific duties. One of its major tasks has been to elaborate and clarify certain goals for the Canadian economy, and to study the means whereby these goals may be simultaneously attained.

Given the traditional concern of economic science with various aspects of poverty, it was no doubt inevitable that the Council should in due course confront itself with this issue. In addition, however, a confrontation was rendered all the more necessary by the terms of one of the goals elaborated by the Council which calls for an equitable distribution of rising incomes in Canada. In earlier reviews, the Council had considered regional

inequalities in income distribution, but by the time of the Fifth Review it had become desirable and opportune to open up other dimensions of the matter.

The Council's normal procedure is to conduct discussion on the basis of documents prepared by its own research staff, or on occasion by outside experts. In this instance, the Council was presented with strong documentary evidence of the existence of economic deprivation on a large scale in Canada. A conservative estimate was that one Canadian in every five was living in poverty. The implications of this fact permeated all aspects of the economy's performance, including a number of those such as regional development and education which had engaged the Council's attention earlier. Contributing to the Council's reaction of concern was an awareness of the potentiality for social unrest of a situation of widespread deprivation. This and other considerations led to the publication of an urgent message in the Fifth Annual Review -- a message which the Council has been gratified to hear echoed and confirmed from many quarters over the past seven months. It is clear that the Council's conviction of the need for purposeful and effective action is widely shared.

Research into Poverty for the Economic Council's
Fifth Annual Review

Research into poverty in Canada for purposes of the Fifth Annual Review was recognized to be only the first step of a continuing program, in which it was hoped that many organizations in addition to the Council would join. For a start, it appeared useful to get a reasonably good statistical grip on the problem as a whole. Statistics alone are of course a totally inadequate tool for the understanding of so complex a social phenomenon as poverty, which has many aspects in addition to its readily measurable ones and which must be seen and appreciated first-hand as well as run through the computer. But statistics furnish a general idea of the size of the problem and some indications of broad characteristics of the low-income population. The latter raise important policy questions and also provide a useful reference point for further work.

Before poverty could be statistically measured, however, it had to be defined. This posed some difficult issues. Poverty is a relative matter, and generally accepted conceptions of it vary through time and space. Poverty today is not the same as poverty in the Great Depression of the 1930's; and poverty today in Canada is not the same as poverty in the underdeveloped countries of Southeast Asia. The present problem in Canada is one of minority poverty in the midst of comparative affluence. Could this be defined in terms of the degree of inequality in the overall distribution of income and wealth? A great difficulty here is that while economists can provide useful information on the processes by which any given distribution of income and wealth has come about, and while they can also say something about the possible economic consequences of changes in that distribution, they have no special competence for deciding what particular distribution might be labeled just and proper. And if economists are in a quandary on this issue, so, almost certainly, is the general public. It would be extraordinarily difficult to obtain a thoroughgoing consensus on what might constitute justice and propriety in the overall distribution of income in Canada today.

But it would not be so difficult to obtain a consensus on what, roughly, constituted an unacceptably low standard of living in Canada in the 1960's. This is the route which the Economic Council took, and the proof of its workability for purposes of public discussion and practical policy-making is that the Council itself -- a mixed, representative body -- was able to achieve a consensus on the resulting definition and measurements based on it.

In words, poverty was defined as "an insufficient access to certain goods, services, and conditions of life which are available to everyone else and have come to be accepted as basic to a decent, minimum standard of living". Thus stated, the definition begs many questions, most of which could become the subject of long and inconclusive debate. Rather than engage in such a debate, the Council proceeded directly to a statistical embodiment of the definition sufficiently simple that it could be appreciated and judged by

a broad public in relation to personal, everyday economic experience. In a sense, the measurement was really part of the definition.

The measurement process may be briefly described. With the invaluable assistance of the Dominion Bureau of Statistics, members of the Economic Council staff were able to assemble and analyse some special runs of income data from the 1961 census. Some use was also made of more up-to-date information from the 1965 DBS survey of family income and expenditure. These statistics classified the Canadian nonfarm population according to income and a number of other characteristics such as the age, sex and education of family heads; size of family; geographical region of residence; and place of residence (metropolitan, other urban or rural).

On the basis of information regarding family spending patterns, so-called "poverty lines" were traced for individuals and families of different sizes. A basic assumption for the main set of estimates was that any family or individual spending more than 70 per cent of total income on food, clothing and shelter was in a low-income situation and likely to be suffering from poverty. For various technical reasons, assumptions of this type are very commonly made at the outset of broad-scale poverty analysis. The best way to judge whether they are sufficiently valid to serve the purpose at hand is to proceed directly to the income/poverty lines resulting from them and to examine these in the light of personal experience. The lines in the Review are in 1961 dollars; adjusted to dollars of 1968 purchasing power, they come out at \$1,800 a year for a single person, \$3,000 for a family of two, \$3,600 for a family of three, \$4,200 for a family of four, and \$4,800 for a family of five. It could perhaps be agreed that they do not err heavily on the side of generosity.

What significant facts about the problem of poverty in Canada do the drawing of these lines reveal? A fairly extended discussion, illustrated by tables and diagrams, will be found in the text of Chapter 6 of the Fifth Annual Review attached as an annex to this Brief. Additional discussion of

poor: those who have jobs for at least part of the year, but who do not earn enough at them to lift their families over the poverty line. In relation to our present structure of social policies, this is in many ways a forgotten group.

Future Research Plans

At the conclusion of its discussion of poverty in the Fifth Annual Review, the Economic Council states:

"For our own part, we intend to pursue further research into the problem of poverty in Canada, and will be reporting on it in subsequent Annual Reviews. Every effort will be made to dovetail this work effectively with the increased research which we hope will be undertaken by others."

Since the publication of the Fifth Review, members of the Council staff have attempted in various ways to improve their understanding of poverty in Canada and of some of the characteristics of policies which might be expected to eliminate it. The problem is obviously a difficult and many-faceted one, and there should be no expectation of quick and easy victory. It should be understood that a commitment of resources many times the magnitude of those which the Council can command will be needed to design appropriate and effective remedies. It was the recognition of the magnitude of the task that led the Council to encourage other institutions to work on it simultaneously and to offer to attempt to dovetail the Council's work on poverty with the work of others.

We have therefore made a deliberate effort to avoid, to a large degree, areas likely to be covered by current or prospective work on the part of other institutions or government agencies. We have not, for instance, attempted at this time to investigate in depth, guaranteed annual income proposals or to set in motion the family budget and other studies which would be needed to replace the crude "poverty lines" of the Fifth Annual Review with proper estimates of minimum living standards across Canada. We believe that both these operations are of crucial importance in devising an improved structure of anti-poverty policies, but the federal government has expressed

policy implications is contained in the speech by Dr. A. J. R. Smith, Chairman of the Economic Council, to the Conference on Human Rights in December 1968. This document too is attached to the Brief.

A summary mention may nevertheless be made here of one particularly important policy implication flowing from the Council's analysis. It relates to the crucial necessity for good policy formulation of maintaining a clear distinction between the incidence of poverty and the total numbers of people living in poverty. It is readily apparent that the incidence of poverty in Canada -- the likelihood of a given person being poor -- is notably higher in the Atlantic Provinces and Eastern Quebec; in rural areas; in Indian, Eskimo and Métis communities; in families headed by widows, divorcees and deserted wives; and in families headed by men who are not in the labour force on account of old age or other reasons. From these facts, it is all too easy to draw the conclusion that strong support of regional development in the eastern extremities of Canada, plus special measures for Indians, Eskimos and Métis, plus more day-care centres for small children, plus categorical welfare assistance for those too old or otherwise unable to work, would virtually constitute an adequate anti-poverty program for Canada.

The Council's figures indicate, however, that while all of the measures mentioned are probably highly desirable, a program limited to them alone would leave untouched a very large part of the low-income population. Incidences can be illusory. The incidence of poverty in Metropolitan Toronto is almost certainly well below the national average; but Metropolitan Toronto is a populous place and therefore harbours many poor families and individuals. If one forgets incidences and concentrates on numbers, one discovers such things as the following: that the greater part of our total poverty is urban, that a good half of it is west of the Ottawa River, and that most poor families are headed by men under 65. A particularly striking fact is that most poor families have heads in the current labour force. We thus are confronted with the phenomenon of the working

its intention of carrying them both out. We are, however, planning to pursue in conjunction with the Vanier Institute of the Family a joint project on the subject of early childhood. The objective of this study is to review present knowledge about early childhood experience and development and in particular the relationship between early childhood experience and poverty.

Many of the projects undertaken by the Council since the Fifth Review are as yet in a very preliminary state, and it would serve no good purpose to report on them now. We understand that there may be an opportunity for the Council to appear again before this Committee later in the year to discuss this work. In the meantime, the general direction of the work may be of some interest to the Committee, even though it cannot be much elaborated upon today.

The costs of poverty to society are very far from inconsequential, and some part of our attention has gone to a consideration of the nature and magnitude of these costs. We have started to study also the simple consequences of being poor. The work of this Senate Committee and the testimony it will receive from families who are actually among the poor will add greatly to public understanding of the situation faced by these families. In the meantime, our further explorations -- some of them again statistical, but some of them more in the nature of actual forays into the field -- have revealed a life style for at least one family in five that is far removed from the common conception of what is normal for Canadian families.

Other activities in the past few months have been more diffuse, and have been devoted in some degree to accumulating the necessary information and understanding to support later and more structured work. It is increasingly obvious, though, that poverty is not the sort of problem that is fruitfully tackled by one institution alone or by the students of one discipline. The elimination of poverty in Canada will require the united and determined efforts of many people and institutions, although it should be noted that

governments must to a large extent organize and lead the attack. Widespread public understanding and what the Council called "compassionate realism" will be necessary.

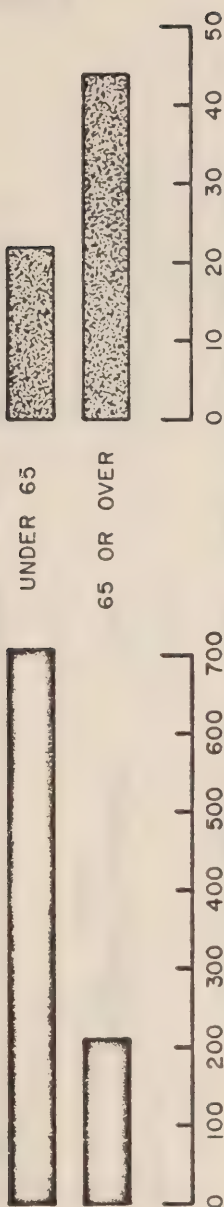
C O N C L U S I O N

The appointment of the Special Committee is a gratifying continuation of the process which the Economic Council deliberately sought to set in motion with its discussion of poverty in the Fifth Annual Review. The Committee need have no doubts whatever about the significance of the problem to which it is addressing itself, or about the timeliness of its initiative. If the present is unfortunately a time of difficulty in government finance generally, it is also a time of important new thinking about poverty and policies to abolish poverty. Increasingly, there is a realization that poverty is by no means entirely a welfare problem, to be treated largely by traditional welfare policies, important though these will continue to be. In various jurisdictions, new anti-poverty ideas are being put into practice, on an experimental or even larger scale. Some are directed towards improving the welfare system; others to developing new "non-welfare" approaches. The results -- in Canada, the United States and elsewhere -- lie ready for use by those who are wise enough to learn from them. In the short run, it may be that Canadians, working through governments and private agencies, will not find it possible to do all that they would like as soon as they would like towards eliminating poverty from their society. They have an excellent opportunity, however, to improve greatly the effectiveness of what they do undertake.

AGE OF HEAD OF FAMILY AND LOW INCOME, 1961

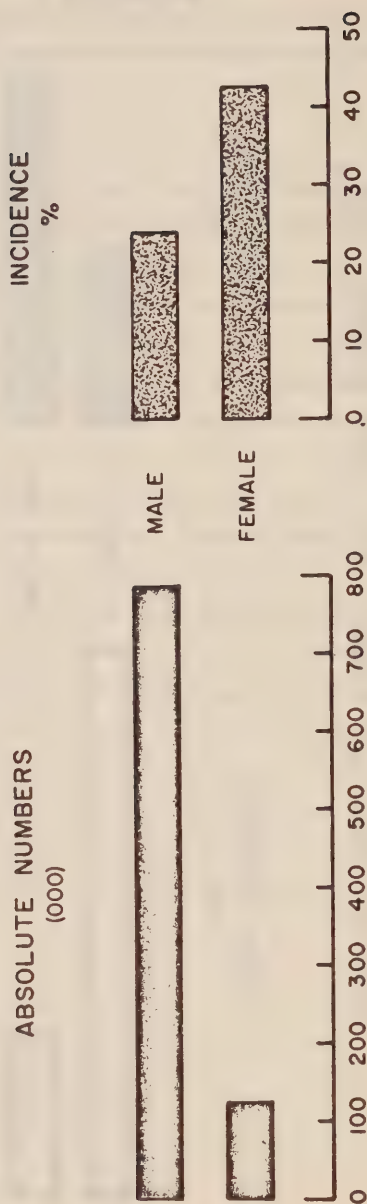
TOTAL NUMBERS
(000)

INCIDENCE
%

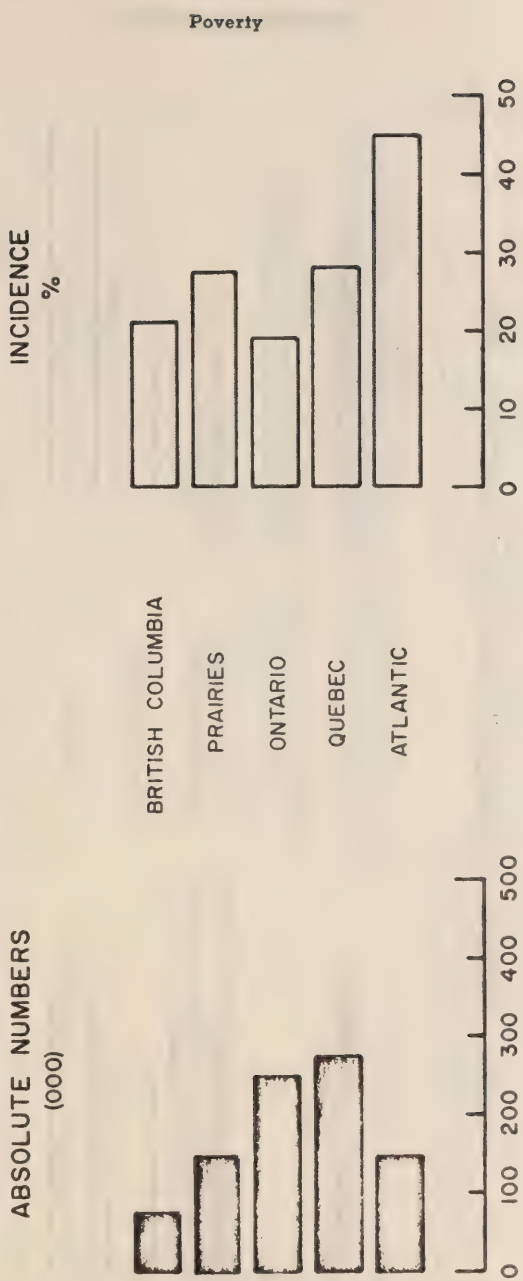


Poverty
APPENDIX B

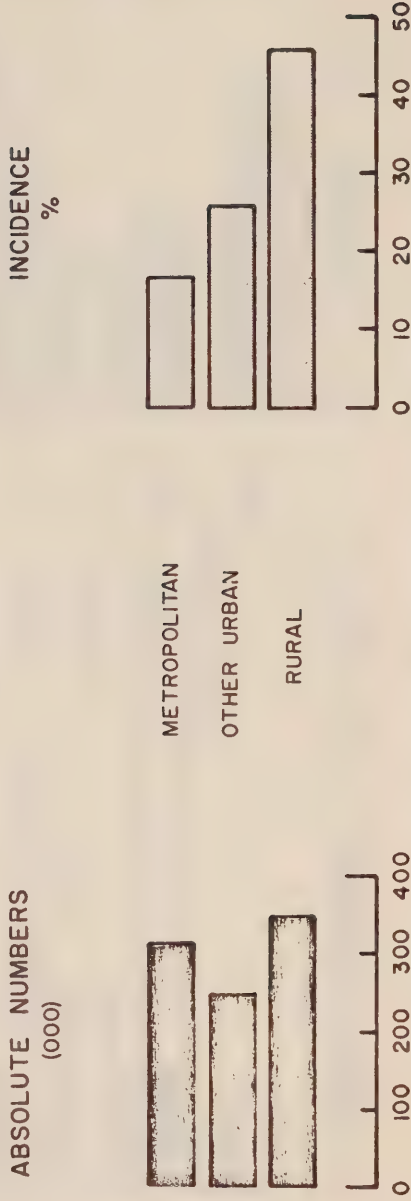
SEX OF HEAD OF FAMILY AND LOW INCOME, 1961



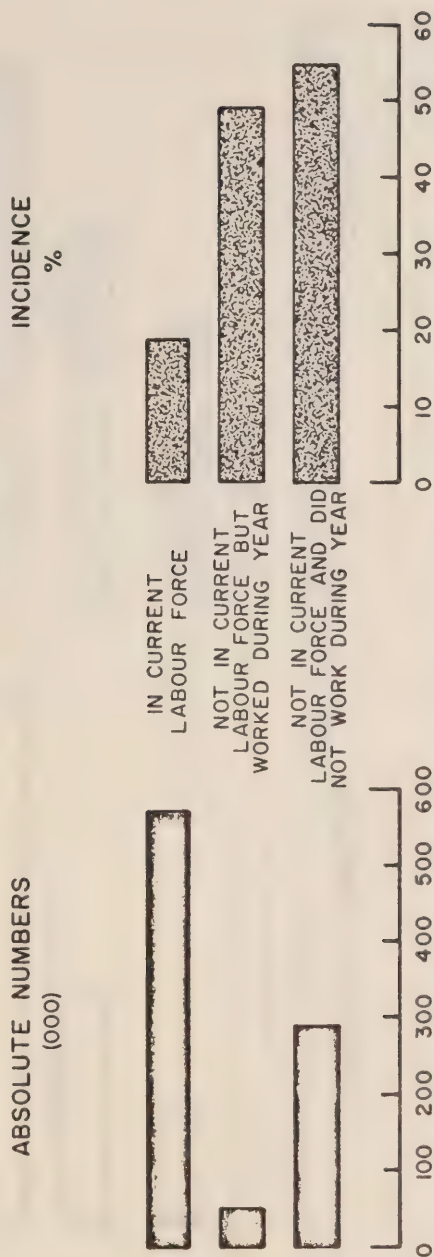
GEOGRAPHIC LOCATION OF FAMILIES IN POVERTY, 1961



RURAL-URBAN RESIDENCE AND LOW INCOME, 1961



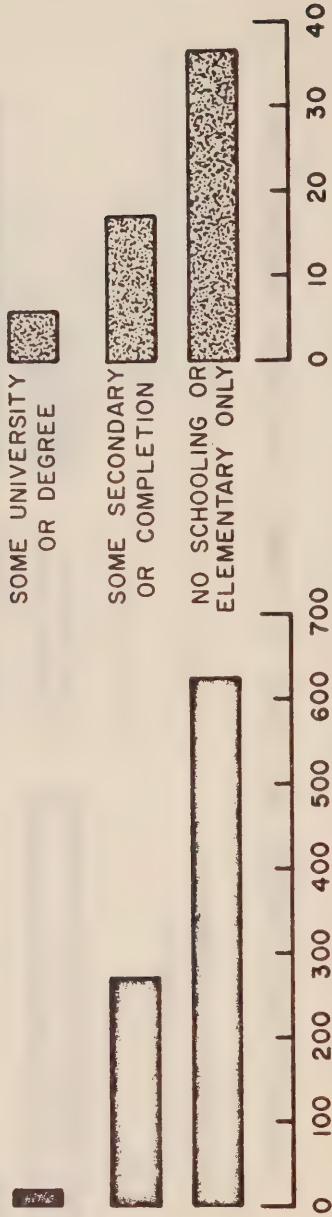
EMPLOYMENT STATUS OF HEAD OF FAMILY AND LOW INCOME, 1961



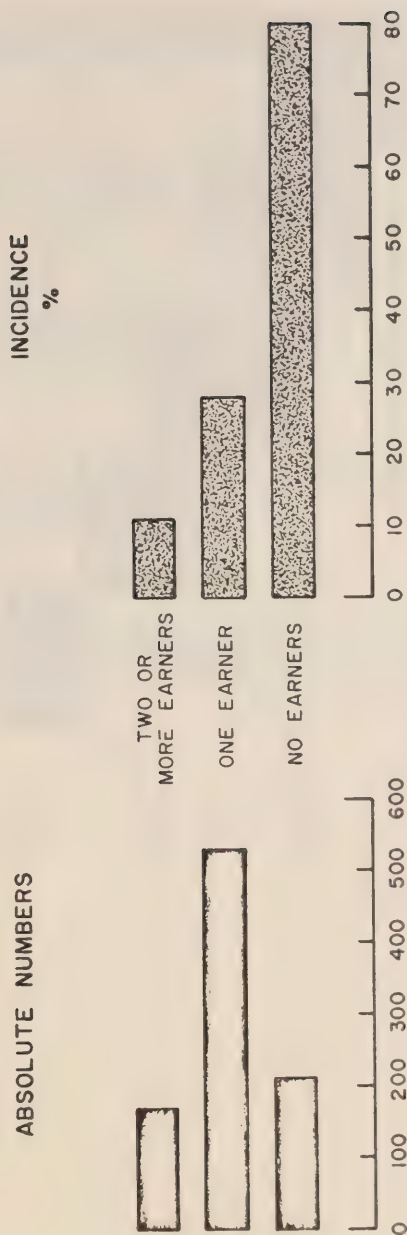
EDUCATION OF HEAD OF FAMILY AND LOW INCOME, 1961

ABSOLUTE NUMBERS
(000)

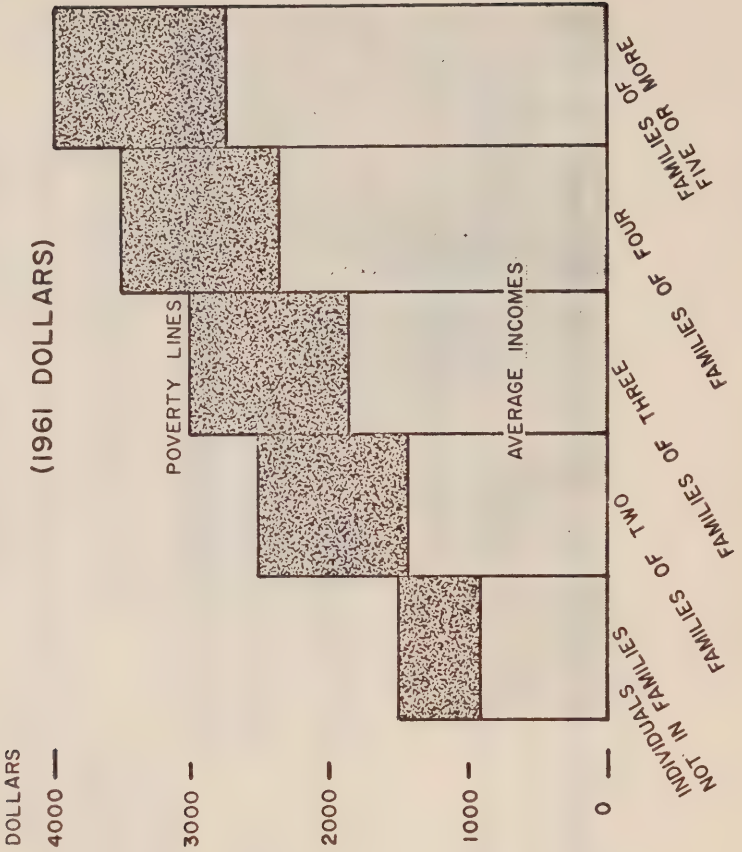
INCIDENCE
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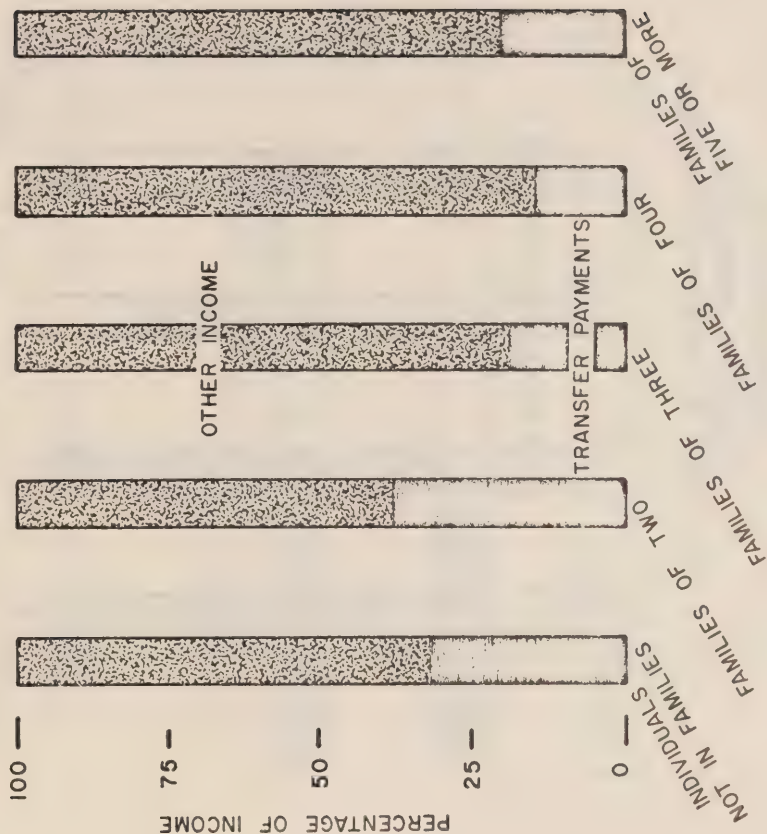
NUMBER OF EARNERS IN THE FAMILY AND LOW INCOME, 1961



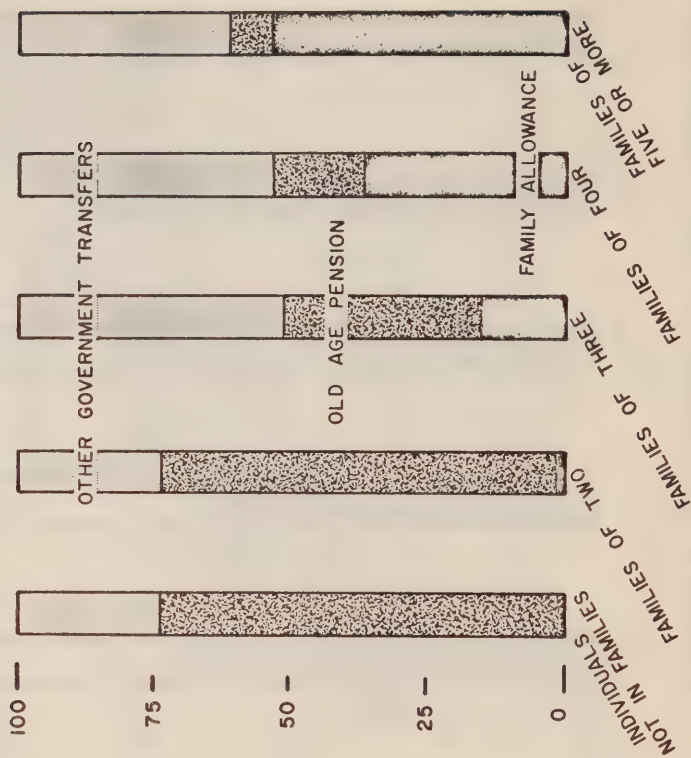
POVERTY LINES PLUS
AVERAGE INCOME OF FAMILIES
BELOW POVERTY LINES - 1961
(1961 DOLLARS)



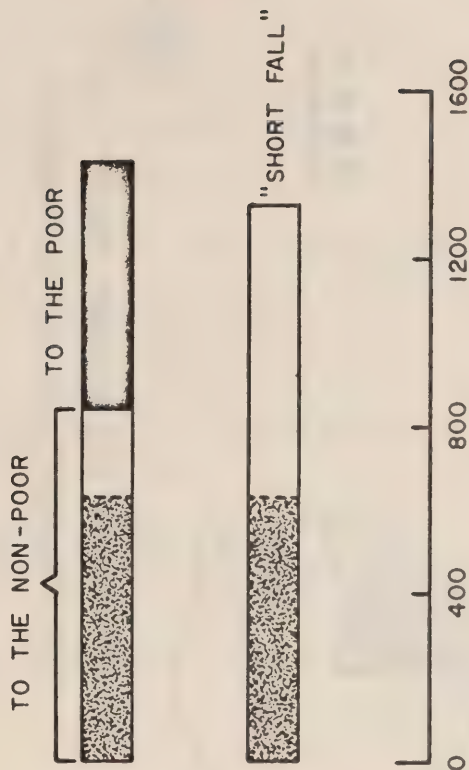
SOURCES OF INCOME OF THE POOR, 1961



COMPOSITION OF
TRANSFER PAYMENTS
TO POOR BY FAMILY SIZE - 1961



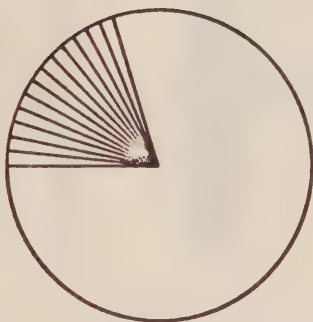
TRANSFER PAYMENT - 1961



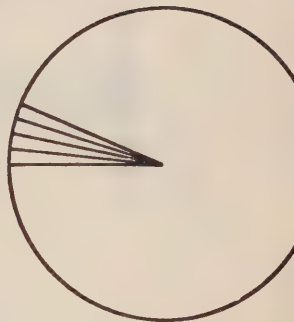
IN 1961 20 % OF INCOME WENT TO
THE RICHEST 8 % OF FAMILIES

INCOME %

FAMILIES %



AND 6.6 % OF INCOME WENT TO
THE POOREST 20 % OF FAMILIES





First Session—Twenty-eighth Parliament

1968-69

THE SENATE OF CANADA

PROCEEDINGS

OF THE

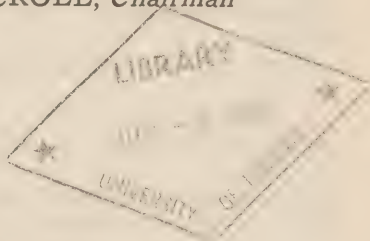
SPECIAL SENATE COMMITTEE

ON

POVERTY

The Honourable DAVID A. CROLL, *Chairman*

No. 2



THURSDAY, APRIL 24, 1969

WITNESSES:

Dr. D. L. McQueen, Director, Economic Council of Canada. Mrs. G. Stewart, Staff Member, Economic Council of Canada. Miss J. Podoluk, Statistician, Dominion Bureau of Statistics.

THE QUEEN'S PRINTER, OTTAWA, 1969

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman*.

The Honourable Senators:

Bélisle	Inman
Carter	Lefrançois
Cook	McGrand
Croll	Nichol
Eudes	O'Leary (<i>Antigonish-Guysborough</i>)
Everett	Pearson
Fergusson	Quart
Fournier (<i>Madawaska-Restigouche</i> , <i>Deputy Chairman</i>)	Roebuck
Hastings	Sparrow

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

THURSDAY, April 24, 1969.

Pursuant to adjournment and notice the Special Senate Committee on Poverty met this day at 9.30 a.m.

Present: The Honourable Senators Croll (*Chairman*), Carter, Cook, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Inman, Lefrançois, McGrand, Pearson, Quart, Roebuck.

In attendance: Mr. Frederick J. Joyce, Director.

The following witnesses were heard:

Dr. D. L. McQueen, Director, Economic Council of Canada.

Mrs. G. Stewart, Staff Member, Economic Council of Canada.

Miss J. Podoluck, Statistician, Dominion Bureau of Statistics.

At 12.15 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

John A. Hinds,
*Assistant Chief,
Committees Branch.*

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Thursday, April 24, 1969.

The Special Senate Committee on Poverty met this day at 9.30 a.m.

Senator David A. Croll (Chairman) in the Chair.

The Chairman: Honourable senators, before Dr. McQueen speaks, to deal with some suggested solutions and left-over questions, I announce that our next meeting will take place at the National Library, where you will be shown some films of poverty in the raw. They are excellent films, presumably the very best. They have won prizes. You will each receive a notice to-day. You will be picked up in front of the Senate and brought back there after the film showing is completed. That will be our schedule for Tuesday and Thursday. I am told that these are very important films which will be very useful to us.

I apologize for the fact that you find yourselves in different rooms, but there is nothing we can do about it. Each Committee has to rotate its sittings and take its turn upstairs in Room 356-S, in this room, Room 256-S, and in the Senate Reading Room. They are all acceptable as far as we are concerned. So you will watch not to wind up at the wrong committee.

Senator Fergusson: Mr. Chairman, I realize we have to take our turn, but I hope that the witnesses will realize the acoustics are very poor in this room, and we have to speak with that in mind.

The Chairman: Yes, would you just speak up. The senator is perfectly right.

I will ask Dr. McQueen now to make an opening statement.

Dr. D. L. McQueen (Director, Economic Council of Canada): Mr. Chairman, honourable senators. Senator Croll has been kind enough, on your behalf, to offer us the privilege of again making an opening statement on this second day of our appearance before you.

My opening remarks on Tuesday were, I fear, somewhat lengthy; to-day they will be a good deal briefer, leaving more time for questions.

On Tuesday, we tried to direct attention primarily to the size of the poverty problem in Canada and to some of the characteristics of the low-income population. Both in the opening statement and in the subsequent question-and-answer dialogue which developed, there was considerable discussion of the process of drawing "poverty lines" and using these to arrive at the Economic Council's estimate that as of the middle 1960's perhaps a fifth of the Canadian population, or close to four million persons, might have been classified as living in poverty. We also tried to emphasize the often-overlooked importance of the working poor, the urban poor, and the poor who reside in Ontario and other regions where high averages of income per capita tend to mask the large numbers of individuals and families still living below poverty lines. We suggested one or two broad conclusions for anti-poverty policies to be derived from our analysis.

One of the things those figures showed us, for example, is that the image of the poor as principally people living on welfare is not true at all in many cases. A great many of our poor receive by way of welfare perhaps only the family allowance. They are working poor; they are in the labour force but they are not making adequate income.

To-day, we thought that we might, with your approval, concentrate rather more on remedies for poverty—on the formulation, application, and evaluation of anti-poverty policies. In this opening statement, I shall say a few words about such policies, based on the Council's very modest research efforts thus far, then do what I can in an attempt to tidy up some questions left over from Tuesday. One final introductory note: in discussions between Senator Croll and the Economic Council, the possibility has been left open that we might again appear before you in the

autumn, especially if our research work over the next few months throws up results that pass our usual tests and could be of appreciable usefulness to you. So this may or may not be your last opportunity to question us.

Most of what this Committee learns about anti-poverty policies in Canada will, almost certainly, come primarily from three sources: from the testimony of those administrators, welfare workers and so on who are directly charged with the formulation and implementation of such policies; from the testimony of those who are at the other end of the line—the poor themselves; and from research done for the Committee either directly by its own staff or by outside experts on contract. We of the Economic Council have at this stage very little of a detailed nature to contribute to your knowledge of the intricate structure of welfare transfers and other poverty-related policies in Canada. But this could turn out to be almost an advantage, inasmuch as in these early days you might just find a few suggestive generalizations more stimulating and helpful to you than an immediate avalanche of policy detail. I should add that these generalizations are not based on nothing; our people are working very hard at testing them against concrete and specific reality in various ways. But for us as for you, these are still pretty early days.

One definite thing which we have found is that making the ultimate policy objective the elimination of poverty changes one's view of life in various significant ways. It pulls a number of policies, some of which previously seemed rather little related, together under one roof. It leads to the asking of new questions, notably about policy goals, and to the discovery that the objectives of some of our existing policies were none too clearly specified in the beginning and have grown, if anything, hazier over the intervening years. It reveals certain conflicts of policy objectives rather more clearly than before—and so on. If «wars on poverty» do nothing else—we hope, of course, that they can be made to do a great deal else—they focus thinking, research and policy planning along new and stimulating lines. Certain policies come to seem less a holding operation—a straight disdynamic contributors to widely desired social dispensation of charity—and more as potentially change.

In the light of present-day knowledge, what would seem to be the really essential components of a comprehensive package of anti-poverty policies? In discussion at Tuesday's hearing, several senators laid emphasis on the need to generate an adequate number of jobs in the Canadian economy as one important means of reducing poverty. I would concur whole-heartedly with this emphasis; indeed, I would go further and say that without the maintenance of a high level of employment, in association with rapid economic growth, no programs of a more specific nature to eliminate poverty would be likely to get very far. This is a "motherhood" statement, but it deals with something crucial and central to the problem before us and therefore must be repeated. Policies to ensure high total employment and rapid economic growth: these are the hard centre of the anti-poverty package. Without them, nothing else works very well; with them, an environment is created in which other policies can add a useful contribution of their own.

Where some differences developed on Tuesday was in respect of the degree of optimism with which we might look forward to a continued rise in the total number of jobs in the Canadian economy, even under circumstances of rapid automation of many productive processes. I believe that some senators may be less sanguine in this regard than I am. It seems to me, in the light of recent experience in a number of countries, that a modern technologically progressive industrial economy growing rapidly under a full but not an overfull head of demand pressure, is a truly amazing job-creating machine. To be sure, it also destroys jobs at what may seem to be an alarming rate. Where have all the blacksmiths and the icemen gone? But its job-destructive characteristics are greatly outdone by its ability to expand total needs in many existing occupations, and on top of that to create multifarious new occupations, some of them exotic indeed upon their first appearance. Who had ever heard of a programmer or a systems analyst in 1946? As a matter of fact, a great many people in those days were not at all sure what, if anything, an economist actually did. It was, in some ways, a simpler and happier time.

My optimism in this matter is based partly on the recent experience of industrial countries, and partly on the knowledge that we

have the policy tools—most notably the tools of fiscal and monetary policy—to ensure the maintenance of a high level of employment in relation to a fast-growing labour force. We know how to have an economy that creates new jobs a lot faster than it destroys old ones.

It must not be implied, of course, that there are no longer any serious problems in this regard. High employment would be easy enough to maintain if that were our only important economic goal. But we have other significant goals as well, and the great trick, as the Economic Council has repeatedly emphasized, is to achieve all major goals simultaneously.

In our Third Annual Review, we addressed ourselves, for example, to the particularly difficult problem of maintaining both high employment and reasonable price stability. That problem is still very much with us in Canada. Our experience over the last two or three years has made us more than ever conscious of it.

Various solutions are being tried. There are no panaceas here. We must be persistent and inventive. The Economic Council in its Third Annual Review, realizing too that there were no panaceas, nevertheless tried to put forward a number of constructive suggestions and recommendations for resolving this policy dilemma—this goal-conflict, if you like. Some of these suggestions, I am glad to say, seem to have had some influence on what has happened subsequently, but some still remain to be taken up. We remain hopeful that they will be adopted—that their logic and relevance will make itself clear.

So that is one of the problems here: not so much obtaining high employment, but high employment together with other economic goals.

It is true in addition, of course, that an economy which is destroying jobs at a high rate, even though it may be creating new ones at a much more rapid pace, is an economy in which there are going to be problems of adaptation and of changeover, notably as regards human resources. It is, therefore, essential that we have the sort of manpower and other policies which will permit this changeover to take place smoothly and with the absolute minimum of inconvenience and suffering. In this regard, of course, our man-

power programs are of very crucial importance.

This is one of those happy area—and they are not, alas, all that numerous—where certain economic policies are relevant for more than one economic goal and can help to solve more than one problem at a time. Manpower policies, for example, are highly relevant to resolving this conundrum of maintaining high employment and reasonable stability of prices; and at the same time they can contribute to reducing poverty.

I referred earlier to the hard centre of the antipoverty package, the indispensable core—to the so-called “big levers” in the economy, the policies which must ensure that we maintain a high enough level of employment and a high rate of economic growth. From now on I am going to assume that we have that problem licked. I am going to ask you to envisage a Canadian economy fulfilling these broad conditions of high employment and rapid economic growth; then to consider what additional policies are needed in order to fight poverty.

It is true that a rapidly growing, high-employment economy, will, over time, be pulling people out of poverty—pulling them over the poverty lines and into the majority sector of society. This will be happening, but it will not be happening fast enough in relation to the kind of aspirations for social and economic change that we have to-day. This is why supplementary policies are needed. Supplementary policies are also needed, of course, to help those who cannot participate directly in the productive process.

We thought it would perhaps help our discussion this morning and your future thinking about the problems before you if we suggested a simple scheme of classification for these additional policies that are needed to fight poverty—even in a high-employment, rapid-growth economy. The classification which we have adopted is not entirely satisfactory (so we have found in our work) but it seems to be the best one available for the moment. It is a classification which we picked up from the American war on poverty, and I think that it groups some of the policies that you will be looking at in ways which are suggestive of some of the major purposes towards which policies should be oriented.

Senator Carter: Mr. Chairman, I did not quite get what he was talking about. I missed a couple of words. I am not quite clear what you are referring to at the moment.

Dr. McQueen: I will go back a bit, senator. I was saying that I thought it might be helpful to our discussion this morning and also to the future work of this Committee, if I attempted to give you a classification—a four-way classification—of policies which are relevant for fighting poverty: policies other than the so-called “big levers” of fiscal and monetary policy to which I referred a moment ago.

I also mentioned that this particular classification is not entirely satisfactory. We would like to develop a better one in time, but meanwhile it has been of some help to us.

The first class of policy we might look at are income maintenance programs. You will be very familiar with some of the principal Canadian programs in this field: unemployment assistance, old age assistance, many programs under the Canada Assistance Plan, family allowances and so forth. In this category, of course, you find programs which are particularly relevant for helping those who have little or no earnings potential—those who are in one way or another prevented from participating in the labour force and whose circumstances make it necessary that they be given income maintenance.

In relation to this group of people, income maintenance comes through as primarily a holding operation, but there are also some more creative roles for it. These distinctions between categories of program are not all that sharp in practice. Let me give you an example. In a poor family it may be highly desirable that the head of the family, or perhaps his son, or perhaps both, should undergo additional education or training in order to upgrade their capabilities. If they are going to do this, however, there must be something that will sustain the family during the period of training. That is an example of income maintenance programs playing a dynamic role. They are actually part of a process of lifting people out of poverty.

Also, of course, the income maintenance category would include some of the newer proposals which are being discussed, such as the universal demogrant, the negative income tax, and a new device which has made its appearance in the literature called a credit income tax. I will try and do a horse-back

definition of “universal demogrant”. This consists basically of a payment by the government to everybody without exception, the size of the payment being equivalent to a poverty line income. The Government pays it out, and everybody gets it. In this way you reach a situation where nobody lives below a certain income level.

Of course, that is not the end of the story. The demogrant will be recovered by taxation, which can assume various patterns of impact upon rich and poor.

The negative income tax, as originally proposed by Milton Freidman—I do not know if he was quite the first proposer of it, but he was certainly the most prominent—works on the principle that people who are so poor that they do not pay income tax have, in a sense, unused tax exemptions. The rest of us who do pay income tax have certain basic exemptions which, of course, are enlarged if we have dependants; we get some benefit out of them in the calculation of our tax. Milton Freidman's idea is to pay the poor some portion of their unused exemptions.

He came up against the problem of keeping incentives in the system to go out and seek work. In order to maintain incentives he made his negative income tax such that the Government only paid to the poor family half of the difference between the unused exemption and that family's income.

You can look at it as a sort of two-way income tax system in which, above a certain level, you pay tax; whereas below a certain level, money comes back to you.

The credit income tax—a very interesting proposal which appears in a recent article by James Tobin in a book entitled *Agenda for the Nation*—involves not an exemption concept, but a fixed money credit which is paid to each individual and integrated into a very simplified tax system which has no progressivity; it is a flat rate tax of one-third of income. It can fairly easily be modified to introduce progressivity in the higher income tax brackets.

These are some of the proposals which are going around and about which you will doubtless learn a great deal more in the hearings to come.

We have looked then at the first of the four policy categories which I was going to suggest to you. The second category relevant for

fighting poverty consists of manpower programs of certain types. Perhaps the best example of them would be the manpower mobility program now being developed in the Department of Manpower and Immigration. This is a program to increase the fluidity with which people move from job to job to the extent that they must in our dynamic economy.

The third category, which to some extent overlaps the manpower category, is that of so-called personal improvement programs. These would include, for example, a wide range of training and educational programs, designed to raise peoples' abilities to produce and earn income in the economy.

Finally, a category which is growing in importance as a component of a proper package of anti-poverty programs is that of community betterment programs. Part of your war against poverty has to be at the community level. I have been talking about some of the things you can do for individuals, but in some cases you have to do things for communities.

Part of the poverty situation, for example, may be an insufficient provision of certain community services—some of an educational nature and some of a recreational or other nature. In this category may be included a number of community development programs, certain aspects of Canadian agricultural development programs, and certain housing and urban renewal programs and things of that sort.

One of the most interesting developments in this area is the sort of program which involves poor people themselves in a process of community betterment. We have seen some of this in the work which was done in the Gaspé and Lower St. Lawrence region prior to the promulgation of a medium-term economic development program for that area, which, of course, has some very serious poverty problems.

I have outlined a classification of programs for you. Let me run through their names again: income maintenance, manpower programs, personal improvement programs, and community betterment programs. The names of the classifications give you some idea of the different fronts on which a war on poverty must be fought.

Once again, I must emphasize that the dividing lines between these classifications are by no means clear-cut. There are many, many situations—perhaps the majority of situations—where you need a little bit of this and a little bit of that, all wrapped up in a package that is attuned to the particular poverty situation with which you have to deal.

You will, then, be looking at a wide variety of anti-poverty policies in this country, and perhaps this classification will give you some small aid in sorting them out.

I think that there is an immense amount of useful work which this committee could do by way of a systematic and consistent examination of at least our more important anti-poverty policies in this country. I would suggest that perhaps the logical way to proceed would be first to obtain from the administrators (who are in some cases also the creators of programs) information regarding the purposes and objectives of programs, the means of carrying them out, and so forth. Then, as you moved out into the field—as you began to cross and re-cross Canada in the course of your hearings—you would have an opportunity to ask the recipients, the people at the other end of the programs, what was in fact happening. This would be a very interesting and useful exercise.

I might say just a word about the sorts of questions that might be asked as you moved into this phase of your operations into the examination and analysis of anti-poverty policies. It is, of course, easy and, in a sense, unfair for a representative of the Economic Council, a non-operational advisory body, to suggest hard questions for other people with heavy administrative responsibilities to answer. To this objection, I can only reply, first, that the Economic Council was in part created precisely to nag and preach and make itself unpopular at times; and, secondly, that these particular questions are just too important not to be asked. Here then are some of the questions that you might wish to put concerning all anti-poverty programs, whether these be in the nature of income maintenance programs like family allowances and old age pensions, manpower programs or community betterment programs or whatever. You might ask: What was the original object of this program? What is its object to-day? How relevant is that object to the goal of reducing poverty in this country? How much is the

program costing now? How much will it cost later on if it is continued unchanged upon the present basis? Who is it supposed to reach? How many and which kinds of people is it reaching? Where is it reaching them? How much is it doing for them? How do you know? What are the benefits to the clients? What are the benefits to society at large? Is there a better way of doing it? Is there a cheaper way? Is there a more rapid way?

I would encourage you very strongly to be hard-nosed and unsentimental about this. Compassion is fine, and is indeed essential to anybody who wishes to work effectively in this field; but sentimentality is one of the great dangers to be avoided. It is one of the reasons why we have not in the past asked the rather hard and brutal questions that one should ask about welfare programs—about anti-poverty programs of all sorts. To ask the hard questions is the best way to be compassionate in the long run. Sometimes you will know very well when you ask the questions that specific answers are not in fact available. But ask them anyway. It is very important to create a widespread appreciation, that these are the questions to ask—these are the questions which must be asked. If we keep on asking them, answers will start to appear, and they should be answers in many cases with numbers attached to them.

You will, in this part of my remarks, detect a crude version of the philosophy of planned and programmed budgeting systems which, of course, are appearing at the federal and at some other levels of government. I think that this is the way we should go at it here, in the area of anti-poverty programs. You will render a great service to the country if you can attack the problem in this way.

As I mentioned on Tuesday, what you come out of this sort of exercise with is a far clearer idea of what certain programs are going to do, of what benefits they will bring to the poor and to the country at large. When you have that kind of information, you will be in a position to make a far stronger claim on the resources of this country on behalf of those programs.

I realize that I am being very free with suggestions here. Let me, though, go on to indicate one or two areas which, on the basis of our own work, would seem to us to be particularly fruitful ones for you to explore.

One obvious area, of course, is that of income maintenance programs, both existing and proposed. You will, I am sure, be looking very closely into the universal demogrant and the negative income tax and other such devices, and considering the many advantages and disadvantages which have to be thought about in connection with such programs.

I would also suggest that a very important area of your investigation should be the Canada Assistance Plan. This is an important and, in many ways, a very advanced piece of legislation. It has moved us forward, at least in principle, quite a way with regard to social policies in this country. However, it involves joint federal-provincial programs, and there is quite a lot of difference between the potentiality that you can see in that legislation when you read it and what is actually happening "out there". It would be a very important service that you would render if you could concentrate much of your questioning on what is happening with the Canada Assistance Plan. How is it being exploited? Is it being used to the full? If it is not being used to the full, why not? What are some of the hindrances? What are some of the hold-ups? How many clients is it reaching? Is it fulfilling the objectives that were originally entertained for it? This could be a very useful piece of work.

Also, you might want to devote a good deal of attention to manpower programs. Manpower programs are very close to our hearts at the Economic Council, because we had a certain amount to do, by way of nagging and preaching, with getting a Department of Manpower set up in this country. This is a particularly important and crucial set of policies. They help us to deal with some of the more acute economic problems of modern industrial societies. They help us in trying to maintain high employment and achieve reasonable price stability. They are very important in that connection; they are also extremely important in connection with poverty. They are relatively new programs, but they have now been going for some time and there may, therefore, be a very good opportunity for you to find out what is happening—to hear from the clients about what kind of service they are getting from the Canada Manpower centres; and if things are not working well, why they are not working well, and what can be done about it.

Finally, in this very generous list of suggestions—we are always full of suggestions at the Economic Council, but there again, that is what we were set up to do in part—I think you might want to look very carefully at areas where different kinds of anti-poverty policies come into conflict with each other—where they get at cross-purposes, where they tend to offset each other. For example, a certain program may operate to destroy much of the incentive for a person with earnings capability to go out into the labour market and make use of that capability. It could be most useful to look for things like that, for instances of overlapping and duplication, and instances too where the original sound purpose of the program was being distorted by the way in which it was being carried out in the field. Our own knowledge in that regard is extremely fragmentary at the moment, but we should certainly be glad to co-operate with your staff, in suggesting areas where one might look for this kind of problem.

That then completes the part of my opening remarks on policies and ways of classifying policies, and on some of the questions which might be asked about them.

May I now turn to some of the matters which were left over from our last hearing on Tuesday, and tell you what we were able to do with them.

Your Chairman, Senator Croll, asked us for some statistical break-downs of disadvantaged people. How many of our poor could be identified, for example, as disabled persons, blind persons, female heads of families with young children, and so forth? I will give you a few numbers, but there are some inconsistencies with the poverty figures contained in the 5th Annual Review. Some of these inconsistencies can perhaps be overcome, but it will take time. Just to remind you of the overall dimensions again, so that you can relate the figures which I am going to give you to the totals, it might be recalled that in 1961, according to the poverty lines which we drew (this is on page 111 of the Review) the total number of low income families was 916,000. The number of people involved, including individuals not in families, was more on the order of four million. We come now to the number of disabled and blind persons (and these are all disabled and blind persons and not merely those living in poverty): disabled persons, about 51,000; blind persons, about 9,000. You will not find these particular

figures in the Review. These are figures which we have just brought to the hearing this morning, but they can certainly be made available to committee's staff afterwards?

Senator Carter: Are these individuals or heads of families you are talking about?

Dr. McQueen: They are individuals. This is the only way in which you can get a count. It may ultimately be possible to break them down into individuals and family heads (I am not sure), but it was not possible to do it in forty-eight hours.

Another group with which we are concerned consists of female heads of families with one or more children under sixteen. The figures are for 1961 and run as follows: Those who were employed, who were in the labour force and working, about one hundred thousand; those who described themselves as unemployed (that is to say without a job but seeking work) about 13,000; and those who were not participating in the labour force, about 93,000.

Senator Pearson: Are these the women?

Dr. McQueen: Women who were heads of families, with one or more children under sixteen.

Senator Pearson: Under sixteen. Sixteen might be employed.

Dr. McQueen: He might just. It depends on the school attendance laws.

Senator Carter: Your last figure was 93,000?

Dr. McQueen: Yes, that is right.

Senator Fergusson: I am sorry; I did not get the distinction between those described as unemployed and those not participating in the labour force.

Dr. McQueen: You are quite right to raise the question, senator, because it is a tricky distinction. Our count of employed and unemployed in this country is based on a sample survey, and the people in the sample are asked whether they were at work during the week. If they state that they were not engaged in paid work, they are then asked whether they were seeking work. If they say that they were in fact seeking work, then they fall into the classification of the unemployed. If they say that they were not seeking work, then they come through as non-participants.

Senator Ferguson: Thank you.

Dr. McQueen: We also wanted to identify the group of the unemployed amongst male heads of families under sixty-five. These are figures which change a good deal through the course of the business cycle, and in mid-1961 we were close to a low point in the business cycle. Male heads of families under sixty-five who were unemployed in 1961 numbered 99,000. Male heads of families under sixty-five not participating in the labour force, numbered 88,000. Here again, you must not regard these 88,000 men or those 93,000 women who were not participating in the labour force, as being in all cases people who were not potential entrants into the labour force. Often they are people living in areas of substantial unemployment who, for the time being at least, have lost hope of finding a job. They feel that the situation is sufficiently bad that they have no chance of finding a job and so have stopped, at least for the moment, seeking work.

I think that covers some of the categories of persons with whom you are particularly concerned, senator. I realized that this is not an entirely satisfactory answer to your question, but we can develop some better figures in co-operation with your staff. Meanwhile, they give you some idea of the dimensions of these groups.

The Chairman: Very helpful.

Dr. McQueen: We were also asked for some figures of transfer payments in the Canadian economy, and we have some here for 1961 and 1967 in billions of dollars. They are transfers by all levels of government. We have taken out of these payments three categories which we do not think are particularly relevant for poverty; interest on the public debt; grants to universities; and grants to non-commercial institutions. When you do that, you come out with a total of transfer payments in 1961 of \$2.4 billion, and in 1967 of \$3.8 billion. I am sure you will want to bear in mind that a lot of those transfer payments go to the non-poor, as one of our charts demonstrated the other day.

Senator Roebuck asked us for certain figures regarding income distribution. The highest-income 8 per cent of families, the richest 8 per cent of families in 1961, as we may recall, received 20 per cent of the income. The number of families in this 8 per cent group was 290,000, and the amount of

money involved in that 20 per cent of income which they received was \$5.7 billion. The average income of that 8 per cent of families was \$19,659. That was the figure in that group.

Another question called for an estimate of the visible cost of sustaining a person on welfare, assuming that he has no earnings at all over the course of his life. Incidentally, I gave you an erroneous American figure on this on Tuesday. I said that the American figure for a man of seventeen who is on welfare for the rest of his life, assuming a normal life expectancy, was \$175,000. I now find it was \$140,000.

We have made a similar very rough calculation for a man in Canada starting at age twenty, again with normal life expectancy. We assume that he gets married and has a small family, and we make various other assumptions about him and about the nature of the welfare he receives. By this calculation we come out with a figure of total welfare payments over a period of 45 years of \$134,000.

You may remember the context of this question. We were worrying about the costs of poverty in this country. The costs estimated today are simply the costs in terms of welfare payments, but you will recall that we laid a good deal of stress on the more hidden costs—on the lost output, on the failure to utilize human capabilities to the full, on the production which that man could have made available to our economy and to our society had we done a better job of human development with him.

We were also asked a question about how one goes about getting older people back into the main stream of our society. This was a little difficult to answer because the answer does depend to some extent on what you mean by "back in the main stream". Perhaps it means something like sharing or participating in the economic system. We have, of course, cases of older people who have come back into the labour force and in some instances have managed to do very useful work; but a considerable part of this problem inevitably is going to consist of adequate income maintenance and the development of leisure activities for these people, including in certain cases non-paid occupations of different types. There are various things which can be done in this field, and you will be aware of some of the more interesting depart-

tures that we have seen recently, there is for example, the use of retired executives as part of our foreign aid program, to go to underdeveloped countries and give people the advantages of their experience acquired over a long working life-time. These are some of the things that I think you will have to consider.

There was also a question about the causes of poverty, and the distinction which must be made between the characteristics of the low income population and the causes of poverty. Perhaps our subsequent discussion the other day covered a good deal of this. One of the things that has to be noted is that even when you have established to your satisfaction the cause of a certain person's poverty, that does not necessarily tell you what may be the right policy response to correct the situation. The cause may lie somewhat further back in time, and it may be something that you cannot do very much about, such as the level of basic education that the person received. Therefore, you may have to look elsewhere for your solution.

A very important question which was raised last time and which I am sure you will be asking more about to-day, is that of selectivity, vs. universality in the field of anti-poverty programs. One thing that I would urge right from the start is the desirability of not making up one's mind too quickly about this—of not being too clear-cut or dogmatic, or feeling that one has to decide this question one way or another, coming down wholly on one or the other side of the line.

Let us first get on the table what we mean by a universal program and a selective program. A universal program consists of something like family allowances, which are payable in respect of all persons within a certain category of the population regardless of means, affluence, family income, or anything of that kind. Everybody with children of a certain age gets it. This may be called universal, as may the Old age security pension, which is received by everybody who passes a certain age. These are examples of universal programs.

Selective programs, on the other hand, may be defined as programs which reach out to a more narrowly defined group in the popula-

tion—as programs which often have quite complex eligibility criteria. Often they are programs in respect of which one cannot say *a priori* which persons they will reach. That decision may have to be made by a case-worker in the field. There may be a good deal of discretion down the line as to who comes into the program and who does not. A selective program typically aims at a smaller, more distinct group in the community.

In our discussion on Tuesday it became clear that in principle a universal program can be selective too if it is operated in conjunction with the tax system. That is to say, you can make a payment universally, but then proceed to recover it from the more affluent members of society by way of income tax.

I think you will find, as your work proceeds, that in some types of anti-poverty program selectivity appears to be the best method. In other cases, universality will commend itself more to you.

As you know, the objection so often raised to universal programs is that they result in the government paying money to people who do not really need it. However, we just made the point a moment ago that there are ways through the tax system by which the government can recover the money from those who do not really need it.

We must again bring in, of course, the question of means tests. One of the characteristics of many selective programs is that they involve a means test or some kind in order to determine who is eligible for the receipt of benefits under the program. However, I did try to make the point on Tuesday that there are means tests and means tests. Some are very disagreeable and repugnant, but others that have been successfully used do not seem to have those characteristics. Of course, we pass a means test of a sort on our income tax returns every year.

It seemed to me in thinking about this problem—and here I am going to be very presumptuous because I will be in the position of an economist talking to people who are in politics, in public life—it seems to me that you cannot ignore some important political aspects in making your decision about selectivity vs. universality. You will have to consider what sort of package of universality and selectivity will most commend itself to the electorate. Which package is the most politi-

cally acceptable? Which is likely to call forth the greatest total allocation of resources for fighting poverty? This comes up particularly in connection with a universal program which you convert to selectivity by recovering large sums of money through the tax system. There is some risk here that your recovery procedure may clutter and confuse the tax system, making the taxpayers return an extremely complicated document. That is surely a bad thing, and something to avoid if you can, because it is very important, that a tax schedule should be clear, and that the logic of the system should be reasonably apparent to the person who is paying the tax.

There is another difficulty about universal programs even if the government does recover a good part of the money paid out, an impression is created of a very swollen government sector in the economy.

People will make calculations of total government expenditure, including transfer payments, as a percentage of the gross national product, and they will say: "Heavens, the government is becoming huge; it is becoming enormous, it is becoming too big"—this notwithstanding the fact that a lot of the money coming in to the Government as taxes flows right out again in such forms as family allowance. Finally, ...

The Chairman: Are you getting off that subject?

Dr. McQueen: I was going to, yes.

The Chairman: Before you leave that subject, this is what is troubling me. I know and I am sure the committee knows exactly what you are saying, but what is the effect on the people in Canada of some receiving family allowance and some others not? I am thinking in terms of a class distinction which we have not had in this country and which is frowned upon in other countries. What effect will that have upon us?

Dr. McQueen: Of course, we already have this situation in a good many programs. The sense of class distinction that arises from selective programs perhaps depends to a large extent on the way in which the programs are operated. One can be tactful and considerate in administering a selective program; one can do things, as it were, quietly so that it is not advertised all over the community that a particular individual or family is in receipt of welfare.

As an example of the bad things that can happen, a case came to our attention where there was a distribution of some article—I have forgotten what—to children on welfare, and an announcement was made over the public address system of the school: "Would all children whose families are on welfare please come to such and such an office". This was an intensely humiliating experience for the children involved, who had to stand up under the eyes of their classmates and file out of the classroom.

The Chairman: But I am thinking of something else. I am thinking of a ladies' bridge club or church gathering or whatnot, where the conversation is "I am receiving family allowance" and one says "I am not". That is the situation I am thinking of.

Dr. McQueen: I think it is somewhat the same thing that I was talking about. Certainly we want to create a situation where people who are in receipt of benefits are perceived to have a right to those benefits—not just a privilege but a right.

The other side of this argument is the position which a lot of people take: that we should be utilizing our limited resources to help those most in need. That is the argument most typically made on behalf of selective programs.

Senator Fergusson: May I ask a question there? Dr. McQueen said that some means tests are very repugnant but also some were not so repugnant. I do not know of any that are not repugnant. Could you tell me what they were?

Dr. McQueen: I would defer to your experience in this field, senator, but as an example of a means test which is not repugnant one which comes readily to mind is the simple declaration system that has been used in a number of states in the United States. Its use seems to be spreading. It seems to be a workable kind of means test. It does not seem to involve a great deal of abuse, and it gets around completely the humiliation of having somebody come to your house and look at your living circumstances in detail, asking many penetrating questions about various features of your life and expenditures.

Senator Fergusson: That is the same as the guaranteed income supplement I think.

Dr. McQueen: The guaranteed income supplement, as I understand it, works on a simple declaration.

The Chairman: That is so.

Senator Fergusson: There is still objection to that too.

The Chairman: As Dr. McQueen indicated, at this time of the year when we are turning in our returns, everybody is objecting.

Dr. McQueen: Perhaps, senator, this would be one of the things that you would be most interested to explore when you have some of the poor themselves before you.

My attention has been drawn to one Wisconsin study which indicated that the poor themselves did not find means tests so objectionable. Given a choice, they preferred adequacy of benefits. This overrode any objections that they might have felt to the tests.

This larger question of directing the money where it is most needed is one which I am sure you will have in your minds throughout your hearings. Our own feeling is that there is no easy, clear-cut, *a priori* answer.

The Chairman: Of course, in our old age security we have combined the two, which is the best example that there is, because there we have the best of both worlds. Then we have the selectivity...

Dr. McQueen: That is right. Selectivity on top of universality.

The Chairman: Yes, there is a combination.

Dr. McQueen: That is right.

The Chairman: That is the best example, but the great controversy that is around our heads—and it is there whether or not you admit it—is this question. The question at the moment is whether family allowances ought to go to all who qualify or only those who need it. I know what you are saying, and it makes a great deal of sense. At the same time you said we shall have to take a look at it politically.

Dr. McQueen: Certainly.

The Chairman: And that is, of course, what the politicians will have to do. I know of no instance where allowances have been reduced or done away with in my forty years of politics, unless you can remind me of one. Some of you may know, but I can think of no instance.

Dr. McQueen: I hope I have perhaps given you some idea—

The Chairman: Yes, you have.

Dr. McQueen:—of some of the rival considerations on either side.

Senator Pearson: You would have a reduction in the children's allowances when the children reach an age where they do not get any. There will be a reduction there. The old man has not got that cheque to go to the beer parlour, of course.

The Chairman: Yes, but it was spelled out when the plan began. But, on the other hand, there is an increase when the child gets older. If you recall, in the Province of Quebec they even go further than we do because they augment it.

Senator Pearson: Yes.

The Chairman: Go ahead, Dr. McQueen.

Dr. McQueen: I am sorry to have broken my promise to speak briefly this morning. May I just touch on one other major question which we agreed to leave over for to-day. This was the problem which was described as the subsidization of low-wage industries—something which arose from discussion of our statistical finding that a very considerable portion of our poor are working poor who are gaining incomes insufficient to bring them up and over the poverty lines.

Here again, I think you have a question where it is very important not to be dogmatic. One must concentrate, I think, above all on the interests of the people themselves, and on what can be done that will lift them permanently above poverty lines.

We must remember that the fact that these people are receiving low wages is telling us something about the economy, something about the income-earning capabilities that these people have received from the system. The important thing in the long run is to lift them above the poverty lines in a way that will permit them to integrate themselves more into the main stream of the economy and to remain in the main stream.

A number of quick solutions have been suggested to the problem of the working poor. One is to raise minimum wages, period! Raise minimum wages all the way up to the poverty line, and that ought to take care of the situation. However, while the linkages in the system are loose enough that a number of the industries in which these people have been working will find it possible in one way or

another to improve efficiency and pay higher wages to their people, some others will almost certainly not. You must therefore face the consequence that if you raise the minimum wage *and do nothing else* you are going to create some extra unemployment.

There may be other policy remedies which can be brought to bear to reduce unemployment, but you must keep this aspect of the thing in mind.

I must mention that the Economic Council has not considered the issue of minimum wages as such, so that I cannot tell you what our position on it really is. I can only say that minimum wages are a controversial subject. There are a number of arguments which can be and are made for them—arguments which perhaps have more to do with the kind of industrial structure we ought to aim at having in a country such as Canada. I think that those arguments which are based on the idea that minimum wages by themselves, are of great assistance to the poor are perhaps some of the less convincing ones that you will find. A great many economists do not hold this view. They hold instead the view that the interest of the poor may in fact be held back by reliance on this device, I merely draw your attention to this controversy.

It does seem to me that raising the minimum wage is not striking at the real heart of the problem, which is that of raising the productive capabilities of these persons so that they can move permanently into the main stream of the economy.

Of course, if you went to a universal demogrant or negative income tax, which had the effect of raising people's incomes up to the poverty line regardless of whether the recipients were employed or not, this too would, in a sense, bring these people out of poverty. The accusation would doubtless be made that you were subsidizing low-wage industry in this fashion. I do not know that it is really proper to regard this sort of thing as subsidizing industry, because if you take that line you can say that the family allowances are also to some extent a subsidy to low-wage industry.

Once again, I think the deeper reason for questioning whether the operation just described would be an adequate solution to the problem, is that it does not touch the issue of

the under-development of these people's productive capabilities.

There are other considerations which must be borne in mind here. If you are contemplating some such device as a sharp rise in the minimum wage—a device which will likely bring about the rather rapid euthanasia of a number of firms in low-wage industries—you will have to bear in mind that some low-wage industries, especially service industries, are a very important source of part-time employment for married women who may, for very good reasons, wish to supplement the family income in this fashion. You will have to keep that in mind: what are you going to do about these people?

You will also have to keep in mind that some low-wage industries may be the main support of whole communities; and if it is part of your policy to gradually phase out such industries, you must face the problem of what to do with these communities and how to find alternative employment for the people there.

To sum up, I think you have to approach this particular problem with a package of policies. There is no single thing that you can do at a stroke to deal with the problem of the working poor. Certainly it must be dealt with and I think the best rule to keep in mind is that of concentrating on the longer term interests of the people themselves. What remedy is most likely to raise them above the poverty line—to keep them there and integrate them into the main stream of the economy?

So far as low-wage industries are concerned, I think you can look at that to some extent as a separate problem. You may ask what kinds of industries are most appropriate in Canada; how some of these industries might, to their own advantage and to the advantage of the nation, re-structure their operations. Some might perhaps achieve a greater degree of capital intensity so that they would gradually become the sort of industries that could pay wages above the poverty line.

Anyway, there is no easy answer.

Once again, I must apologize for taking so long, but this is due in part to the cogeny of some of the questions which you left with us on Tuesday.

Senator Fournier (Madawaska-Restigouche):
You may have more before you leave.

Dr. McQueen: That is right.

The Chairman: Senator Carter.

Senator Carter: Mr. Chairman, there are so many points I do not know where to start. Although Dr. McQueen answered some questions, he still left out one or two that I asked about on Tuesday.

Dr. McQueen, you spoke about various jurisdictions and new anti-poverty ideas and new non-welfare approaches. I did not quite get all of these in what you said this morning.

Dr. McQueen: When we said jurisdictions, we were thinking of some provinces and municipalities in this country; we were thinking also of some states in the United States. That was the significance of the word "jurisdictions".

As an example of new approaches, one could take, the actual experiment in the payment of a negative income tax which is going on in the State of New Jersey under the sponsorship of the Institute for Poverty Research at the University of Wisconsin. People have said that payment of a negative income tax would blunt incentives to seek work. These researchers said: "Why don't we just find out about this?" Here is a use of the experimental method.

Then I think there is the very rich experience arising out at the economic development plan now being implemented in the Gaspé and Lower St. Lawrence regions, where techniques of so-called "social animation" were used. This was a method of bringing the people themselves into the planning stage of new programs. An outline or tentative plan would be drawn up by the multi-disciplinary group of experts; then it would be brought to the people in various ways—through information media and through the use of special committees that were organized in all parts of the region. The planners thus had an opportunity to test out their anti-poverty ideas with the people for whom the ideas were intended. The planners in this fashion received a lot of useful information. They would go back to the drawing-board, as it were, revise the plan; then come back to the people again and get their opinions. This seems to have been an extremely fruitful process. It has resulted in the generation of new ideas and new approaches that the planners themselves, working in quasi-isolation, would not have had.

Another interesting example, which came to light very recently is a program for co-ordinating the delivery of welfare and other anti-poverty services in the City of Edmonton. I might just ask my colleague, Mrs. Stewart, to say one or two words about this, because I think it will suggest some useful lines of questioning for you when you are moving across the country.

Mrs. G. Stewart, Economic Council of Canada: As part of the work we have been doing we have been trying to get in touch with a number of people in the field who are developing and trying new approaches. In the course of this we had occasion to come in contact with Mayor Dent of Edmonton, and discovered that for two years these representatives of the voluntary agencies and of the municipal government and of the provincial government have been meeting and discussing and have been greatly concerned that the whole overhead apparatus of all their social programs is not getting effectively through to the people and particularly to the people whose needs are greatest. They have come together and resolved that they will set aside their concerns for their particular programs and any sort of defensiveness which might surround these, and genuinely see whether an effort can be made at co-ordination at a neighbourhood level, where all the services of public and private agencies can be delivered together. We were interested that Mayor Dent recorded his frustration that when they came to co-ordinate these attempts with those of the federal government in their social development programs, he could not really find a defined agency in the federal government which could co-ordinate the complex of federal development programs.

We asked him whether we might use this specific example, and he said "yes", that he would be quite prepared to have us say this; that it has been in this particular instance extremely frustrating to try to bring together and make effective the complex of federal efforts at a local level, and largely due to an inability to identify in the federal government an agency or a group of persons who are responsible for this kind of co-ordination.

This is not an isolated example, and there are obviously very many of these. I think what they reflect is something quite different that is happening here, and that is that all of a sudden, instead of seeing our social welfare

policies as plugging holes and plugging gaps and filling in the greatest needs, we are suddenly seeing them as part of a total system which reacts on the people upon whom they work, and the people in turn develop in part in response to the shape of these programs; that is, there is a degree of inter-action here that we have not really recognized, and a degree of co-ordination which is going to be necessary between the levels of government, and within each level of government between the different agencies that are involved. I think it is part of what I think the Council regards, if you can interpret their interest in poverty in this way, as really a very promising movement; that we are moving towards people policies rather than having a whole set of different policies for low-income people in the sense of looking at housing quite separately from looking at matters of health, and in the sense of looking at matters of job opportunities quite separately from welfare. Suddenly we are seeing these now more as a total and as having an impact on families. We bring you really Mayor Dent's example as just an illustration of the sort of thing which you will probably find much more of, but which we found very interesting and really a very promising beginning in the light of the fact that this sort of co-ordination is very difficult. Institutional barriers which exist between different departments and different levels of government have, of course, been very great, and this is a very promising move and likely to be much more helpful to the people involved.

The barriers to the effective delivery of service have been well recorded and well established. Senator Martin, of course, spoke of this in the debate preceding this committee. This, to our minds was a particularly interesting example and one which might be ripe for exploration at this stage.

Senator Everett: Mrs. Stewart, precisely how does this co-ordination of delivery system work? Does it work with the family and co-ordinate all the various...

Mrs. Stewart: It is not clear precisely how this is going to work; that is, it has reached a stage where people are prepared to try it. It is not in operation as yet, as I understand it from Mayor Dent. We are going to be getting further information from him on this; but, of course, what has happened in each of these areas is that the tendency has been to move from highly specialized services to services on

a family basis, and then from services on a family basis to co-ordinating the work of the specialists surrounding this family. The notion here is that if you put all these facilities physically close at hand in a neighbourhood where the people who need help can tap all the resources available, this should make the whole operation much more effective.

Senator Everett: It sounds to me like a system which was used in St. Paul, Minnesota, and called the St. Paul plan. Is that what you are referring to?

Mrs. Stewart: I am not certain whether that is its genesis, or whether its genesis was simply frustration and the feeling that they were not getting the services through.

Senator Everett: Not speaking of the genesis so much. It will in time be...

Mrs. Stewart:—quite similar, I would guess, to that sort of approach, although I do not claim to be terribly familiar with the St. Paul system.

Senator Everett: Could any of your witnesses tell us whether the St. Paul plan was indeed successful, because, if I recall correctly, it was begun some ten or twelve years ago, so there should be considerable experience with it.

Dr. McQueen: I am afraid, Senator Everett, that we cannot do so at this moment. This is certainly something we could explore in one of our periodic visits to the Institute of Poverty Research at the University of Wisconsin, which has been one of our major sources of information about American programs. These are people who will tell you about failures as well as successes.

Senator Everett: I think the St. Paul plan was tried in Winnipeg under the aegis of the Children's Aid Society and, if I recall correctly, it was dropped. I do not really know why, but I just mention it in passing. I think the Edmonton concept and the St. Paul plan are very interesting, and the proper correlation of services that are offered and prevent that type of overlap.

Dr. McQueen: Not to spin out the subject much further, I am sure this committee may very well be interested in looking at certain other examples of co-ordinated delivery of services. I am referring here to the so-called

"New Start" program which you now find operating in a number of locations in the northern prairie provinces and in the Maritimes. One example of such a program is to be found in the Prince Albert area, and I think during your swing through the west that would be the sort of thing you might like to have a look at.

Senator Carter: Doctor, on Tuesday you gave us graphs and figures, and to-day you have given us more figures, but they are all 1961 figures, about eight years old.

Dr. McQueen: Most of them are, Senator, and no one regrets that more than we do. Our figures on the proportion of poverty in Canada are somewhat more up-to-date. That one-fifth figure is as of 1965, but there is unquestionably a need for more up-to-date figures in that field.

I would like to see a lot of push put behind the Dominion Bureau of Statistics periodic sample surveys of family income. On some occasions these surveys cover not only income but assets and liabilities. There are also surveys of family expenditures.

The trouble with some of those surveys is that the sample size is very small, so that as soon as you start asking questions about low-income situations in this or that province or region, you find that you are out on a limb, without sufficient data from which you can readily draw conclusions.

I think that there is tremendous potential in these D.B.S. surveys. They could give us a much more up-to-date idea of where we are in reducing poverty in this country.

The Chairman: Miss Podoluk, you have heard the evidence and the figures that are troubling us. Can you help the committee with some statistics?

Miss J. Podoluk, Dominion Bureau of Statistics: I think we are aware of the fact that our sample sizes are too small. I think I should bring to the committee's attention that last spring (1968) we did a survey for 1967 income, in which we expanded the sample size very considerably. We did 30,000 households, and we included in it some questions on things like work experience, so there was some new statistical information. This sample size was expanded to this extent because we were aware of the concern with poverty and the need for better regional data. So that when

we get the results of this survey—and hopefully the first results should be out in possibly two months, we shall be able to up-date the 1961 work to a considerable extent.

I do not know whether we can do much at the provincial level, but at least we shall have much better regional data. Certainly it is our intention to do more analysis of the problem with the 1967 statistics, and I have already informally discussed with Mr. Joyce the fact that we would be prepared to get together with the staff of this committee to see what we could do in analyzing the situation in 1967.

Of course, we would expect considerable changes in some characteristics, because the 1967 statistics, for example, will be the first statistics to reflect the effect of the guaranteed annual income supplements on the incomes of the aged. We shall also have later statistics for 1969.

Starting with 1969 D.B.S. will have annual income data, and income will again be on the 1971 census.

Another improvement in our surveys, which began in 1965, was the inclusion of farm families, so that from 1965 on our statistics are nationally representative; we no longer have any exclusions.

Senator Carter: What I am concerned about, though, is whether you can up-date the data we have already received so that we can see the trend. When you come to 1969 or 1968 are you off on a different base so that there is no basis of comparison?

Miss Podoluk: I do not know whether we can have data on all characteristics. We can probably up-date on characteristics such as the number of low-income families headed by women as compared with low-income families headed by men, the proportion which they are in the Atlantic provinces compared with the numbers in Ontario. Some of the basic, key figures we should be able to up-date. On the other hand, the statistics may not be reliable by occupation because the occupation information may not be as good. On many of the characteristics, however, I think we should be able to up-date.

The Chairman: Dr. McGrand had a question.

Senator McGrand: In the decade between 1951 and 1961 did the percentage of those below the poverty line go up or down; and

have you any information as to whether this poverty line is still going up from 1961 until now?

Dr. McQueen: Yes, doctor, we did some calculations using our 1961 poverty lines and extending them, as it were, back in time to 1951, (allowing, of course, for price change) and forward to 1965.

The result was, in respect of non-farm families, that the incidence of poverty dropped from 44 per cent in 1951 to 26 per cent in 1961, and to approximately 20 per cent in 1965. That is not adjusted for the addition of the very considerable amount of—

Senator McGrant: 20 per cent in 1965?

Dr. McQueen: That is right, for non-farm families—very close, that is, to our one-fifth proportion for the whole country including farms. So if you hold the lines constant you do get a very considerable drop over the period.

Senator Everett: Is that last expressed in real dollars?

Dr. McQueen: That is right; it has been deflated for the movement in the cost of living over that period.

Senator Roebuck: Has there been any enquiry as to why those figures vary so markedly from year to year? What occasioned the change?

Dr. McQueen: Senator, we have done some very preliminary work on this. It is a very difficult thing to determine, because it becomes clear at a pretty early stage that you have a great many economic variables operating here.

We attempted to determine, for example, how much the reduction of poverty might have been attributed to movements in the unemployment rate, and how much to the general growth of the Canadian economy over the period with which we are concerned.

Senator Roebuck: In other words, the number of jobs as compared with the number of people varied in these years.

Dr. McQueen: It certainly varied. The number of jobs in relation to the number of people, of course, is your percentage of employment. Sometimes we look at it that way, and sometimes in terms of the percentage of unemployment. Over this period there were some very strong fluctuations in unemploy-

ment. It was very low in 1951, quite high in 1961, and then fairly low again in 1965. Throughout this period you had also a general growth in the Canadian economy, this too being something which tends to reduce the percentage of poverty. As to which of these two factors was the more important, we were not able to come to a solid and reliable conclusion. There was an impression emerging from the exercise that the economic growth was perhaps a little more important than the reduction in unemployment in reducing poverty between 1961 and 1965, but we would hate to be held fully responsible for that conclusion. More work needs to be done. One uses here mathematical techniques, saying: "Now, this came about because of a variety of factors. We will measure those factors and determine which one was most influential.

Senator Roebuck: If we knew what these factors were it would be highly illuminating.

Dr. McQueen: Let us talk about the most recent period from 1961 to 1965. You start off in a period of high unemployment in Canada, a period of fairly slow economic growth. You then get a speed-up in economic growth, and your unemployment rate starts to fall, which, of course, means that a lot of people are pulled into active employment again. That surely is going to have some impact on your poverty situation. Also, you have the process of economic growth by which the incomes of most Canadians are moving up steadily as the economy as a whole grows more productive.

Of course, these incomes do not keep pace evenly with each other. As we all know, some move up a good deal faster than others.

It is not out of place to mention either that during this same period we had important changes in our structure of transfer payments, notably in the field of old age pensions. This, of course, affected the poverty situation also, lifting some people above the line.

So what I am trying to paint for you is a picture of a process of economic expansion, a very favourable process in some ways, that was operating to reduce poverty. In line with what I was saying earlier this morning, if we can get a continuation of this sort of thing—expansion of the economy, expansion of the number of jobs, economic growth, a high level of employment—we can expect poverty

to go on declining, assuming we are still operating in terms of the same poverty lines.

However, there are ways in which we could bring other policies to bear—manpower policies, individual improvement policies and so on—to speed up the process.

Senator Pearson: A supplementary question there. Would the transfer payments assist in certain people being able to get work, to become employed?

Dr. McQueen: They would assist people in that way, yes. One of the most important ways in which transfer payments assist people to get good, permanent jobs, is by making it possible for them to receive adequate education and training in the first place.

Let us say that you have a situation of a poor family without income maintenance. There will be a very strong inducement for the sixteen year old son of that family to drop out of school the moment he can and start earning something to contribute to the family income. This, of course, is in many ways a short-sighted decision. It may mean that he faces a lifetime of being a relatively unskilled worker who is going to be in and out of unemployment all his life. He may very well be a member of the poor. If, on the other hand, you had given that family some income maintenance at the time that they needed it, the boy might have stayed in school and the ultimate outcome would have been a great deal more favourable.

This is the way in which these transfer payments can sometimes play a dynamic role in the economy—not a static one of keeping people up to a certain level of living, but one of helping to abolish poverty to-morrow. This is most important.

The Chairman: Dr. McGrand, you started this line of questioning.

Senator McGrand: I want to follow that up. The poverty line and the line of economic growth sort of follow each other. What I want to know, if our poverty line is going down, it is due to the G.N.P. going up or due to other factors, due to payments of welfare?

Dr. McQueen: I would say, first of all, senator, that the poverty line itself does not change. It is the number of people living below the poverty line that changes.

Senator McGrand: That is what I mean, the number of people.

Dr. McQueen: Certainly there is every reason to suppose from the statistical evidence that as the G.N.P. rises (provided it rises fast enough), your poverty percentage is going to move in the opposite direction. It is going to decline under circumstances of economic growth like that.

Senator McGrand: You made a very pertinent statement there about the boy of sixteen dropping out of school in order to bring in family income. Has any research been done in this field where children drop out of school in order to supplement family income, and adding to this problem that we have?

Dr. McQueen: I could not at this moment quote you a specific study, but I am quite certain that a good deal of work has been done in that area in the United States and to some extent in Canada.

You can trace the employment experience of people, having first classified them by the number of years they were in school, and the pattern emerges pretty unmistakably.

Senator McGrand: I am interested in the cause of poverty as the first step in this thing.

The Chairman: And the witness said this was one of the causes. Senator Everett, you had a supplementary question.

Senator Everett: This figure here is pretty dramatic, from 41 down to 20. That is a national average, of course. I wonder if you have any regional figures, if they are as dramatic?

Dr. McQueen: It is just possible that Miss Podoluk may have some in her kit. Otherwise we could make the figures available to the committee a little later. This is indeed a very dramatic fall, but one has to bear in mind two things. We have done some exercises by way of projecting certain tendencies forward, just for our own information; and if you make a certain number of assumptions you still end up with a reduced but quite substantial poverty incidence ten years ahead. I think you have to bear in mind too that as you move your poverty percentage down you are getting into some tougher and tougher problems.

Senator Everett: You get to a core then.

Dr. McQueen: Well, I do not like that word "core", but let us say that your policy problems become somewhat more difficult.

Another thing, however: I think it is quite in order for a society which has drawn and accepted a set of poverty lines, to consider revising those lines from time to time. One's conception of poverty, if you go by the sort of definition which we have used, is something which will change over time. When we get to 1970 or 1975, it may be entirely appropriate for us to reconsider the question of what, in the circumstances of that time, constitutes an unacceptable degree of economic deprivation. Looking forward to the future, that is another point one needs to have in mind.

Senator Everett: Just following on with this regional problem—and you may have discussed this and I may not have been here.

The Chairman: No, we did not.

Senator Everett: You were dealing with the question of universality and selectivity.

Dr. McQueen: Yes.

Senator Everett: Would it be true to say that one of the arguments against universality would be that it is not regional; it makes the program inapplicable in a regional sense?

For example, in the case of the old age pension, a man, say, in the inter-lake area getting seventy-five dollars a month would probably be able to live fairly well, whereas a man in Toronto may not. Is this an argument against the acceptance of universality as a principle?

Dr. McQueen: There are certain programs—and the obvious example is regional development programs—in which you want to differentiate regionally across the country. The program may be tailored to the needs of a specific region and you would want to apply it in that region and not perhaps in others.

I think, though, that your question of the person in the inter-lake region who finds seventy-odd dollars a month gives him a rather better living than that experienced by a man living in Winnipeg, brings out another point which we were concerned to establish. This is the great desirability of replacing these crude, nation-wide poverty lines which we have drawn by much more scientifically determined measures of minimum living standards across the country. Regard should be had, for example, to the very real possibility that a minimum living standard in the inter-lake area may bring you out at a differ-

ent income level than a similar minimum living standard in Winnipeg.

Senator Everett: Then are you suggesting a universal program could be applied regionally? Could there be a baby bonus for the inter-lake area, a baby bonus for Newfoundland, and a baby bonus for Toronto?

Dr. McQueen: Off the top of my head, senator, I would say that that sounds like rather an administrative nightmare. I think there are some very real political problems when you start introducing discriminatory features of that type into any part of the anti-poverty system.

Senator Everett: I agree.

Dr. McQueen: If you are going to discriminate, you have to have very convincing reasons to bring forward for the discriminating that you are doing.

Senator Everett: I agree that you would, but on the other hand I cannot see how we can avoid a great deal of it in trying to solve the problem of poverty, in the same way that you might try to solve the problem of unemployment: you are going to have to apply the catharsis regionally. You will not be able to apply it nationally.

Dr. McQueen: The case of unemployment is perhaps a good analogy here: you need some universality, and you need some regionality too. That is to say, if you have a serious unemployment problem across Canada, part of the response to this is to use the big policy levers to achieve adequate levels of aggregate demand. That is, if you like, the universal part; that is what you have to do first. After you have done that, you have to attack some of the particular unemployment problems of particular regions like the Atlantic provinces. The analogy is perhaps a useful one in the present instance.

The Chairman: Miss Podoluk, have you any regional figures at all?

Miss Podoluk: Yes, I have some crude ones that we estimated. This is a rough estimate, and these are non-farm families again. The estimates for the Atlantic provinces, using the criteria developed for 1961 but adjusted for price changes: the incidence in the Atlantic provinces would drop from 70 per cent to 35 per cent among families; Quebec from 47 per cent to 23.2; Ontario from 33 per cent to 13.4;

prairies from 49.4 per cent to 21.3; B.C. from 39.8 to 15.2.

The Chairman: These are most interesting. Did you say 70 per cent in the Maritimes?

Miss Podoluk: Seventy to 35. Maritimes and Quebec halved, and Ontario an even greater drop from 33 to 13; prairies from 49 to 21 approximately.

Senator Fergusson: I find that extraordinary for the Maritimes.

The Chairman: Extraordinarily good, don't you mean, senator?

Senator Fergusson: I am delighted to hear it, but it does not seem right.

Senator McGrand: I did not get the impact.

Miss Podoluk: As you know, we used twenty-five hundred for a two-person family three thousand for three persons and so forth. Translating those criteria into 1951 dollars, we would in 1951, for example, have used a lower figure because prices were lower; then applying it to the income distribution that existed in 1951, the crude estimate for the proportion of families which would be below these poverty criteria in 1951 would have been 70 per cent in the Atlantic provinces, 47 per cent in Quebec, 33 per cent in Ontario, just over 49 per cent in the prairies, and about 40 per cent in British Columbia.

Then taking it to 1965 the figures would have been 35 per cent Atlantic provinces, 23 per cent Quebec, 13 per cent Ontario, 21 per cent prairies, and 15 per cent B.C.

The Chairman: Senator Fournier, were you on this subject?

Senator Fournier (Madawaska-Restigouche): Not quite.

The Chairman: You see what has happened, Senator Ferguson: after two sessions at the Poverty Committee you have already improved the condition in the Maritimes.

Senator Inman: To what do you attribute that? Have you any idea what contributed to that?

The Chairman: That is for someone else. He has been talking about that for some time. He is the man who gives the answers. She has the figures for you. Do you have another question?

Senator Carter: I have. I was wondering if any assessment had been made by the Council of the cost of our welfare program. I do not mean the indirect cost in time and lost production, but the dollar cost.

I went through our Blue Book for last year, for the third year, and, with what the federal treasury was paying, plus the provincial part of shared programs, I came up with a figure of over \$3 billion. Then I think the Canadian Manufacturers' Association went a little deeper and came to what municipalities had paid in dollars, and they came up with a figure of over \$5 and nearly \$6 billion.

I wonder if you have anything in your studies to check against these two assessments, and also whether any assessment has been made of the cost of administering these programs; because obviously if it has cost \$5 billion and the administering is 20 per cent, there is a billion dollars which probably could be saved by better methods of administration.

Dr. McQueen: One of the reasons why we are reluctant to quote too many figures on government expenditure in this area (I did give you some figures earlier this morning on transfer payments) is that it is very difficult indeed to decide what is a "welfare program," say, and what is a "non-welfare" program.

We have tried various compendiums of federal policies which are relevant for poverty. This is a very difficult thing to do, because you look at the policy and you find that its primary objective may be something rather different from abolishing poverty, even though it may have some relevance for that goal. You face a number of very difficult decisions on what policies you count and what policies you leave out.

As I say, I gave you some figures earlier on straight transfer payments in the economy. I have some older figures here drawn from the D.B.S. publication, *Public Finance Statistics*, for the fiscal year ending nearest to December 31, 1964. Just to give you an idea of some orders of magnitude, you get a figure of \$1.4 billion for what is classified as "health" in that publication, plus another \$2.2 billion for expenditure on "social welfare". This is by all levels of government by the way, and this is the only book where you get figures for all levels put forward in fully comparable fashion. The fiscal year, again, is that ending nearest to December 31, 1964. In most cases

that would be March 31, 1965, except for some municipalities. You come out with a grand total of \$3.7 billion.

This is the sort of figure you can get, but how much does it mean? There are a lot of other policies, such as most of our manpower policies for example, which are not included in the category of "social welfare", and we would have to add those in. It is partly on account of that type of policy, which counts as neither health nor social welfare, that you can get up to figures such as \$5 or \$6 billion.

Also, of course, we have to make allowance for increases that have taken place since 1964.

We have not found it possible in our work thus far to distinguish clearly the administrative costs of programs from some of their other costs. I suggest that you may be able to do a great deal along these lines yourselves as you question witnesses from the departments and agencies involved.

To sum up, senator, I am very reluctant at this moment to give you a nice, neat dollar figure of what is being spent to fight poverty in this country at this time. The fact is I do not really know.

Senator Carier: Could you say that the \$3.7 billion is a minimum?

Dr. McQueen: All you can say about that figure is that it gives you governmental expenditure on health and social welfare in 1964 by all levels of government.

Senator Cook: Part of that figure would go to people who are not in poverty; a good deal of that figure would go to old age pensions.

Dr. McQueen: That is right. That is one of the difficulties we are up against. This is why we did not liberally dispense government expenditure statistics in our chapter. We hope the day will come when we are able to do this, to zero in more precisely on policies which are for the most part anti-poverty policies, and to give the relevant figures; also, to identify the administrative costs from the other costs. We are not in a position to do that now.

The Chairman: Senator Inman, do you have a question?

Senator Inman: The question I just asked him. Could you tell us what caused the difference between the 70 per cent in the Maritimes...

Dr. McQueen: Excuse me. Which figures were these?

Senator Fournier (Madawaska-Restigouche): The Maritimes figure, the drop from 70 to 35 per cent.

Dr. McQueen: From 70 per cent in 1951 to 35.

Senator Fergusson: It was the Atlantic provinces.

Dr. McQueen: It is indeed a fairly spectacular drop. At this moment, the only answer I could give you is that it was caused in part by some of the broader, general forces at work in the economy—forces of expansion—and that a very important part over that rather long period from 1951 to 1965 would be accounted for by changes in certain transfer payments, notably old age pensions. There is a very considerable escalation of pensions, you will find, going on over this particular period from 1951 to 1965. It would be a combination of forces of that kind, but I cannot say that we actually addressed ourselves to the movement in any particular area.

Senator Cook: There would be a very great improvement in Newfoundland too. In 1951 Newfoundland was only part of Canada for two years. In 1965 there would be a great drop in the incidence in Newfoundland in that period.

The Chairman: A great drop in what?

Senator Cook: A great drop in the poverty incidence in Newfoundland in 1951-1965, as suggested in the Atlantic provinces figures.

Senator McGrand: It is not because the economic strength in the Maritimes is getting better. It is due to transfer payments and so on.

Dr. McQueen: Yes, I think in assessing what happened to the Maritimes and the Atlantic economy over this period, one wants to look at a great many more things than the poverty percentage. One wants to look at what happened to income per capita, for example, and that presents a much less favourable picture, as some of the Council's other work has shown. The gap between average income per person in the Atlantic provinces and in the rest of Canada has been remarkably persistent over the years. It does not seem to have narrowed very much at all.

This is one of the problems to which we have particularly addressed ourselves.

Senator Fournier (Madawaska-Restigouche): I quite agree. There is always this point which must not be overlooked, that we are rated in the Atlantic provinces as having the largest unemployment.

Dr. McQueen: That is right.

Senator Fournier (Madawaska-Restigouche): Which goes against what we are talking about. I will accept that.

My question was, Mr. Chairman: would the Council be able to provide this committee with the numbers of people on welfare across Canada in 1968 province by province?

Dr. McQueen: Senator, I would have to ask you, what do you mean by "on welfare"?

Senator Fournier (Madawaska-Restigouche): People who have been receiving welfare from all kinds of sources.

Dr. McQueen: I do not want to seem to be splitting hairs with you, but we would have to decide what programs we counted as welfare. Everybody with children gets family allowance. That is not what you are concerned about.

Senator Fournier (Madawaska-Restigouche): I do not call family allowance "welfare" or baby bonus or old age pension; I exclude them. I am talking about the welfare that people would go to a certain office somewhere and get sixty, eighty, a hundred dollars. This is what I am talking about. How many people across Canada are drawing welfare that are above the poverty line—not those who are below the poverty line because they deserve it, the widows, disabled and so on. I will agree with that. I would like to find out in due course how many people are drawing welfare across Canada who are living above the poverty line.

Senator McGrand: I think I should put this in. There was a day in New Brunswick when anyone who could not earn his livelihood and asked for aid was a sort of pauper and he got municipal aid, paid out by the parish. Some years ago that was done away with and the man was put on welfare (I cannot think of the term) paid by the province rather than the municipality and the man is no longer a pauper. I think this is what you have in mind.

The Chairman: No, that is not what he is getting at, not quite.

Senator Fournier (Madawaska-Restigouche): Not that.

Senator McGrand: There were paupers who got municipal aid, and it is only about seven, eight or ten years ago in fact.

The Chairman: Can you put your question a little better, senator?

Senator Fournier (Madawaska-Restigouche): Everyone living below the poverty line who gets benefits, I do not worry about. I want to know the figures of people living above the poverty line who are drawing welfare from some source or another.

The Chairman: Of course, if he is above the poverty line he should not be drawing welfare.

Senator Fournier (Madawaska-Restigouche): Ah!

The Chairman: He should not be drawing welfare except at odd times after a long stretch of unemployment. How, can they really—although Dr. McQueen told us of instances, and I too can relate them, of people who took work at lower wages than they might have been able to receive on welfare. That question of yours has me puzzled a bit.

Senator Fournier (Madawaska-Restigouche): I will come back to it later under different circumstances.

Dr. McQueen: You have on the one hand figures of expenditure on welfare by different levels of government. Some of these governments can tell you how many people were in receipt of benefits—things like that. But we have been working only in terms of a quite different set of figures relating to the low-income population in Canada. We have been able to break those down in certain ways and look at some of the major elements in those low incomes—what role transfer payments played and that kind of thing—but I am pretty positive that we could not use those figures to answer the question of how many people living above poverty lines were in receipt of municipal welfare. I doubt if you could get a comprehensive answer to that in Canada at this time. Some municipalities might be able to give you an idea, once you told them what the poverty lines were; some might not. It would be a very confused situation. I just do

not know at this moment how many people above our poverty lines might be in receipt of the kind of welfare which I think you have in mind.

However, I would remind you also, senator of something else; that is, of the large number of people below the poverty lines who are not receiving this kind of welfare. I do not think we want to lose sight of them, and we must, in our thinking, avoid any idea that "the poor" are the same as "people on welfare". One of the most important things to come out of our analysis is that that is not the way to look at it. There are a lot of poor who are not, in the sense that we are now using the term, "on welfare".

Senator Fournier (Madawaska-Restigouche): I will just say one word and I will be through. When you say that we should look at those that are below the line, I quite agree with you, one hundred per cent. But if we are going to do this, we have to look also on the other side of the line; then we can bring this money back in time.

Senator Quart: These are merely suggestions, but I could give you instances where I know they have worked.

Mrs. Stewart, may I ask you if in Edmonton the Mayor, or whoever the authority was who called or convened whatever meeting it was to co-ordinate the various services, did they call in the voluntary associations?

Mrs. Stewart: Yes. This was one of the reasons we were very interested in that.

Senator Quart: I have been a volunteer all my life, and I am not a social worker; I am just nothing. But during the war in Quebec City (and not only in the city) we had the volunteer agencies (particularly the regimental auxiliaries) in at the staff offices, and this was not one cent of cost to the government; and these volunteer associations, women particularly (not trying to discriminate against the men because they were busier) did explore the possibilities of finding employment to supplement the family allowances at the time which, as you know, were very inadequate.

They found that in certain areas sitters were required, and they started a sitting service. I could mention the name of the sitter service to-day, and it is like an agency and

practically serves Quebec City, but was started in the auxiliary.

Another case was a woman who lost her husband—he was a prisoner-of-war in Hong-Kong and died later—and she started a delicatessen on a very small scale—just her own home. That was founded by the volunteer groups actually the auxiliary of the regiment.

I would say that if the people could found a sitter service in Ottawa to-day, so that young couples could go out on the town and employ sitters, they would do well; but where would this be started? Should it be when the survey is being made by our committee when they go in there, or how could it be done? Statistics are cold as far as I am concerned, but I do know that there are certainly openings for all these things—such as dressmaking. We could go right back to the famous Lane Bryant stores of the United States, where a woman who needed to supplement the family income started by simply saying: "Nobody caters to the women who are pregnant". Look what has developed for the tall women, the short women, the fat women: look what it is to-day. But who suggests it? Could we tie it in (I may be very out of order in this) with a vocational guidance type of thing to go in when these things are suggested? I would love to do it myself.

Mention was made of the Gaspé. I do not know if you have ever heard of it, but I have stated Gaspé, and it is delicious. But nobody has developed it. I mentioned it to Senator Bourget, Senator Langlois, Senator Flynn, the three of them, to get together. That is waiting to develop, but who is going to give the push?

Mrs. Stewart: I think the point you make raises two very interesting questions and very useful functions of this Committee. One is simply an airing of information about these sorts of things, once again in the context of poverty; and the other is that you have touched upon a whole new area of specialization really that is developing in the poverty field and amongst people who are researching in this area, and that is the creation of career opportunities for the poor. There are now a number of books being published on this area—"New Careers for the Poor", "Up from Poverty" are two titles I might name—where suggestions are made about the sorts of occupations into which people having particular talents and skills might go. Some of these, of

course, are regular, established industrial occupations; others are much more the sort of neighbourhood services, or new service industries of the sort that you speak of. I am sure this is a subject which will come up a number of times in front of your committee and could be very usefully pursued.

Senator Quair: It is hard to implement it.

The Chairman: Dr. McQueen, I think you have covered the question of the economic cost of poverty. There was one reference in the brief that caught my eye. On page 4 you made mention of the awareness of the potentiality for social unrest. There is a great deal of it in this world to-day and in this country to-day, and coming from your body it sort of perked my ears up.

Dr. McQueen: One has to be very careful, senator, in commenting on this sort of thing. One certainly does not want to appear in any sense in the role of an inciter. I do not want to suggest that anything of a particularly violent nature directly related to the existence of poverty in this country has recently occurred. I hope that I will never live to see it, either. But it cannot escape our notice that in the past, in the thirties, we were acquainted with some incidents which were in many respects an outgrowth of the poverty situation—the much worse poverty situation—that we faced at that time. It did happen; and it cannot escape our notice either that the use of violence as a means of drawing attention to problems or simply reacting to them, has made its appearance in the United States and elsewhere.

Under those circumstances, I think that to refrain from dealing in a very vigorous and purposeful way with this major outstanding problem of our society could be a rather dangerous thing to do.

Social unrest, of course, does not always have to take the form of outright violence—the kind of thing that gets into the newspapers. It may take the somewhat milder form of alienation—of a sense of non-co-operation—of view that the word is an affair of “they” and “us” and “they won’t do anything for us” and “we won’t, therefore, co-operate too much with them.” Social unrest can take that milder form.

We were talking here about potentiality—that was the word we used. I think that an awareness of this potentiality, which seems to

me to be there, should spur us on in the work of reducing poverty in this country.

The Chairman: That is a great deal. It is a warning sign.

Could you point a finger at any particular segment of the people who feel very badly used as compared to others.

Dr. McQueen: I could not myself, senator. I really have not the sort of contacts nor experience which would permit me to do this, but I think possibly other witnesses might be able to give you more of a line on this. I am most reluctant to point a finger in any case, for fear of it being misinterpreted.

Senator Roebuck: I would like to know if you have gone into the situation in other countries. For instance, what are the figures with regard to the number of people below the poverty line in such countries as New Zealand in relation to the total population, what percentage; what is the situation in Australia, England, and the Scandinavian countries? We can surely learn something from them. I would like to know what the comparisons are between them and ourselves, and perhaps some of the reasons why that is possible.

I compliment Dr. McQueen and his associates on the amount of information which they have secured and laid before us; but I am a little disappointed that in the last two meetings they have not given us anything beyond realizing and recognizing the importance of jobs and employment. That is recognized, but there is nothing further than the recognition. I do think we ought to know something about foreign countries.

Dr. McQueen: Senator, we have looked with a certain amount of care at the experience in this field of one foreign country only, the United States. During the period when we were engaged in research and other preparation for the poverty chapter in the 5th Annual Review, we took the step of inviting to Ottawa, for a closed seminar where frankness and informality could prevail, two people who had been deeply involved in the U.S. “war on poverty” virtually from its inception. We had an extremely good session with them; we learned about some of their successes and some of their failures; and we drew some of the lessons which they suggested that they had learned about things to do and things not to do, and ways of approaching problems.

Since then we have made a very real endeavour to keep in touch with the very rapid development of thinking about these matters in the United States.

I must confess that we have not yet had occasion to look at some of the other countries which you named. Many of them, of course, are countries with social legislation which in one way or another is considered to be quite advanced. I am sure you are right in your suggestion that their experience could be useful to us.

The problem has been that our resources are limited. We have had for the time being to concentrate on doing the things which we thought we could do best.

I think you would have quite a good deal of trouble in establishing a single set of poverty lines that you could use internationally—that is to say, in the United States, in Canada, in New Zealand and in Sweden. I would doubt that you could really bring off an exercise of that kind, because, as we do remark, poverty is in the end a relative thing, and has to be seen in relation to the whole society, to the economy, and to the level of economic development that you are dealing with.

As far as policies and policy innovations are concerned, I would think these other countries have indeed a great deal to teach us.

I think that in our policy recommendations we have gone quite a way beyond the main policies which are needed to maintain full employment. We were endeavouring this morning to classify some of the auxiliary, additional policies you use in fighting poverty—manpower policies, individual improvement policies and so forth. I might note that the Swedes have one of the most advanced and interesting manpower programs in the world, and I am sure there is a great deal to be learned from their example.

Senator Roebuck: Perhaps in the interval between now and your coming back in the fall, as we understand—and we are not closing off our relationships with the Council, I

can assure you—perhaps in that interval some information at least, whatever is available, might be accumulated, because we would find it very interesting.

Dr. McQueen: We will certainly do what we can to improve our knowledge in that field, as we should do in any case; but I would also urge you in questioning representatives of federal government departments to ask them about this. I am quite certain that in some cases they have made international comparative studies of certain policy devices.

I am sure, for example, that the Department of National Health and Welfare would be able to tell you a good deal about the nature and operation of family allowance systems in different countries, and things like that. There are some rich sources of information for you to tap over the next few months.

The Chairman: Are there any other questions anyone wishes to ask; anything you wish to add?

Senator Roebuck: Move we adjourn.

Senator Fournier (Madawaska-Restigouche): Second that.

The Chairman: Dr. McQueen says the only thing he has to add is to wish us luck, for which we are very thankful.

May I say to you, to Mrs. Stewart and Miss Podoluk, on behalf of the committee, that the presentation has been a stimulating one. You can recognize the amount of interest you have aroused and the impact that you have made on the committee. I cannot say any more except to tell you that it has bought you an invitation for the fall, when I hope you will be back here after the next Economic Report.

On behalf of the committee I thank you for the preparation, for the work you did, and the information that you gave us. The observations that you made will be most helpful in the course of our studies. Thank you very much.

The committee adjourned.



First Session—Twenty-eighth Parliament

1968-69

THE SENATE OF CANADA

PROCEEDINGS

OF THE

SPECIAL SENATE COMMITTEE

ON

POVERTY

The Honourable DAVID A. CROLL, *Chairman*

No. 3

TUESDAY, MAY 6, 1969

WITNESSES:

Citizenship Branch, Dept. of Secretary of State: Dr. Frederick E. Walden,
Chief, Social Research and Adult Education Services; Mr. Anselme
J. Cormier, Acting Director.

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman.*

The Honourable Senators:

Bélisle	Hastings
Carter	Inman
Cook	Lefrançois
Croll	McGrand
Eudes	Nichol
Everett	O'Leary (<i>Antigonish-Guysborough</i>)
Fergusson	Pearson
Fournier (<i>Madawaska-Restigouche,</i>	Quart
<i>Deputy Chairman</i>)	Roebuck
	Sparrow

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

TUESDAY, May 6th, 1969.

Pursuant to adjournment and notice the Special Senate Committee on Poverty met this day at 9.30 a.m.

Present: The Honourable Senators: Croll (*Chairman*), Carter, Belisle, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck, Sparrow.

In attendance: Mr. Russell E. Hopkins, Law Clerk and Parliamentary Council. Mr. Frederick J. Joyce, Director.

The following witnesses were heard:

Citizenship Branch, Dept. of Secretary of State. Dr. Frederick E. Walden, Chief, Social Research and Adult Education Services.

Mr. Anselme J. Cormier, Acting Director.

(Biographical notes follow these Minutes.)

A brief submitted by the witnesses was ordered to be printed as Appendix "C" to these proceedings.

At 12.20 p.m. the Committee adjourned until Thursday next, May 8, at 9.30 a.m.

ATTEST:

John A. Hinds,
Assistant Chief, Committees Branch.

BIOGRAPHICAL NOTE

Frederick E. Walden: Born in Picton, Ontario, in 1924. Served in the Royal Canadian Navy during World War II. Studied at University of British Columbia, University of Toronto, and University of Maryland. Has held positions in teaching, design of Information Systems, and project design and implementation with Office of Economic Opportunity in the United States. Since September of 1968, in position of Chief of the Social Research and Adult Education Services in the Citizenship Branch of the Department of the Secretary of State.

Anselme J. Cormier: Born in Cheticamp, Nova Scotia, in 1924. Studies at St. Francis Xavier University and the University of Alberta. Extensive experience in the field of University extension, liaison duties with the Citizenship Branch and the Centennial Commission, where he was Chief of the Cultural Division. Considerable experience in working in and with voluntary associations, including Maritime Cooperative Planning Committee, Comité consultatif de la Coopération (Nouveau-Brunswick), Chairman of the Joint Planning Commission of the Canadian Association for Adult Education, and President of International Cooperation Year (Canada). Presently Acting Director of the Citizenship Branch of the Department of the Secretary of State.

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Tuesday, May 6, 1969

The Special Senate Committee on Poverty met this day at 9.30 a.m.

Senator David A. Croll (*Chairman*) in the Chair.

The Chairman: Honourable senators, the brief today is by the Department of the Secretary of State. It will be presented by Dr. Frederick E. Walden. Dr. Walden studied at the University of British Columbia, the University of Toronto and the University of Maryland. He has had some experience with the Office of Economic Opportunity in the United States. Since September 1968 he has been Chief of the Social Research and Adult Education Services in the Citizenship Branch of the Department of the Secretary of State.

With Dr. Walden is Mr. Anselme J. Cormier. Mr. Cormier studied at St. Francis Xavier University and the University of Alberta. He has had extensive experience in the field of university extension. He is presently acting director of the Citizenship Branch of the Department of the Secretary of State.

Dr. Frederick E. Walden, Chief of The Social Research and Adult Education Services, Citizenship Branch of the Department of the Secretary of State: Mr. Chairman and honourable senators, I understand that I should go through the brief paragraph by paragraph, though I am sure you will raise questions at any time. I would like to preface my remarks on the brief itself by putting it in the context of the Department of the Secretary of State and the approach taken by our Minister, Mr. Pelletier, concerning cultural aspects of Canadian life.

One of the difficulties always has been that when we are examining culture or speaking about it it has been hazy, very general, very vague, and the accusations have been made, and perhaps rightly, that either we do not understand what we are talking about and find it difficult to get down to specifics.

Although the brief is very general in nature, there may be some notions in it which

you will wish to search. The minister has made the point that we must make available to the general public the means of cultural expression necessary to obtain the participation of the greatest possible number of citizens, both as creators and as consumers and, further, that distributive justice concerns the riches of the mind as well as material wealth. In several of his public pronouncements, he has observed that there are entire areas in our country which are cut off from cultural life because of their low economic level. The situation here, as I understand it, is the main inquiry of this committee. With that, we have tried to examine poverty as a set of conditions, more than economic but specifically in the socio-cultural and economic areas; what can we grasp in this complex set of conditions? What can we research? Where can we expect knowledge and information to come from? How can we organize it into some sort of an attack which is going to be meaningful and fruitful?

I have pointed out that the term "culture of poverty" is a dangerous one. It is compelling one, but I prefer the term "set of conditions" as opposed to a "culture of poverty". I think the latter is too gross a term, either for research or, indeed, for just straight thinking about the term.

I have examined, or tried to, the nature of poverty as a range of behaviours within which I have tried to point out several of these kinds of behaviours of people who find themselves in and within these conditions of poverty.

I have suggested also a matrix approach, which is nothing complex. It is simply a way of setting out various factors and trying to get at the interaction of these factors and to take into account all of them. We have attempted to identify some of the components of a real attack on poverty. I have mentioned in particular one of my interests is the lack of information, more specifically the lack of organized information in any physical sense, running across the Government services. And this does not apply simply to poverty.

I think it is fair to say that this is more than a hobby horse of mine. If I seem to run on too much on it, I think you will bring me back to the point. But I do think this is vital. And we have made a variety of suggestions which should be taken simply as suggestions.

I think it fair to say also that, as a department, singly, we have no organized program dealing with poverty. By the same token, however, we do have many programs which do not find this component in them. When we are dealing in the area of social development, it is inescapable that we will be dealing with people living under these sets of conditions.

Senator Fournier (Madawaska-Restigouche): Mr. Chairman, the witness has been talking about this study he has been making and about all the information he has been getting. How long has he been making this study? Has it been a matter of years?

Dr. Walden: No. It is fair to say that my experience runs over only the last six to eight months. However, although it has not been a conscious study over the years, nevertheless, in the context of speaking to this committee, we realize that we have had some experience in dealing with this component through our programs, although we have not brought the programs to bear directly on the question of poverty.

Senator Hastings: Mr. Walden, are you the author of the brief?

Dr. Walden: Yes.

Senator Hastings: In section 1 of your brief you say that the subject of inquiry of this committee, that is, poverty, is of very high priority to the department. In section 2 you say that it is the work of your department. Turning over to section 13 you say that the department does not wish at this time to make comments on its anti-poverty programs. In section 15 you say the knowledge is too dispersed across various Government departments. In section 16 you say the department is not aware of programs designed and implemented through other co-operating departments.

I am wondering why we as a committee have not had the benefit of your work, if it has this high priority in your department.

Dr. Walden: The point I was trying to establish here was that the subject of poverty has high priority in our department in the sense that we regard it as a very important aspect

of the work involved in the general work of the department. Perhaps I could be more specific about that. Practically any program we have had to do, either with naive people or ethnic groups who have formed in our community, and so on, have had this component. I think it would certainly be misinformation to give the impression that we have really borne in on this problem of poverty as such, but it is a very present concern.

Where we are dealing with social problems it is not very far removed to identify the economic aspects in the sense of the immediate impact of poverty.

Senator Hastings: You have no programs.

Dr. Walden: We do not have a program zeroing in specifically on poverty, no.

Now, in the second paragraph the point that I was trying to make was that the focus of the brief, that is, dealing with the socio-cultural aspect, is the main concern of the department as opposed to the intricacies of either low income or why there is low income, or monetary policies or income tax—all this sort of thing. When it comes to our lack of knowledge of programs within the Government as a whole which have been launched through several departments and which use a common body of knowledge, my search just could not unearth these sorts of things. I cannot say that, given another three or four months, I might not be able to find it, and that is not meant as an accusation but is simply a statement to support my feeling, specifically on this point concerning poverty, that there is information out there. One senses that somebody must have looked into some of these things, but the question is where to go and how to go about it.

To me—and I speak as a Canadian and must make that clear—it is crippling, initially, just to attempt to locate the information.

Senator Hastings: Surely that is a matter for us, within our terms of reference. We have to find out. That is why I hoped you would be able to tell us what you were doing in your department.

Now, on page 7 of your brief, section 17 (4) you make the following statement:

Such institutions are not new in the private sector, and the government can establish an early and easy relationship with these.

Can you give examples of what institutions you are speaking of?

Dr. Walden: One example that comes to my mind is the Institute for Behavioural Research at York University. That would be one that I am referring to here. Many of the universities have institutes which vary in size, but are generally small. These look at various aspects of the social and behavioural sciences. We are in touch, for example, with about 300. We are not spending money on research; we do not have it to spend. This is not all bad. In our particular case it forces one to look to find out what has been done. Many of these institutes are in the United States, Great Britain, France and so on, but it seems to me, and perhaps I should mention that this is a personal observation, that we do need some such organization or institute within the purview of the federal government. This would not exclude a national social science council or something of that sort. It would be for utilization within the government and it would avoid a tremendous amount of duplication, to begin with, and make a whole range of research available. As it stands there is no organized way of finding out.

I happen to know research people in other departments and if I know the right question—I do not think it is an intentional thing or that it is anything secretive but it is just that all of us feel this way—we feel that if we have not a modest sum of \$10,000 or \$20,000 to find out about a particular topic there is no other way of going about it. We may stumble upon it, but this in my estimation is not good enough.

Senator Hastings: In what way is the Citizenship Branch using these centres?

Dr. Walden: Well, any particular aspect that comes up; suppose, for example, at some meeting of some group the term "alienation" comes up—and this is becoming a very popular term although in research terms I think it is rather gross and made up of conflicts—but supposing we want to find out more about this and to find out what this is made up of, rather than launching a research program in-house or rather than trying to hire ten or fifteen researchers, we know perfectly well that there is a body of research already done which has to do with alienation. We get to know these different institutes and we simply plug in and ask them, and if they are a mechanized or automated system we simply put the question to their system and receive from their staff and materials the latest research on alienation. I think this is good. I

do not think we need more than this. It would take 40 or 50 researchers to cover the range covered by all these specialists across the continent.

Senator Hastings: In section 5 on the same page you indicate the importance of participation and involvement, and then you say "...experience in program and field operations of officers of this Department...". What programs do you have where involvement is concerned?

Mr. Walden: I wonder if perhaps Mr. Cormier could answer that in more detail than I could. I am certainly aware of them but Mr. Cormier has had considerable experience in this field.

Mr. Anselme J. Cormier, Acting Director of the Citizenship Branch of the Department of the Secretary of State: I think the approach to our particular branch was developed around 1950 at the time the Department of Citizenship and Immigration was set up. I am going into a little history here to give the background and to bring a little more into focus what we actually do.

In 1950 with the setting up of the Citizenship and Immigration Department this branch was given the responsibility to assist in the successful integration of immigrants into Canadian life. This was at a time when Canada had gone on a policy of immigration and at that time I would imagine there would have been two main courses of action. One course of action would have been to hire a large number of case workers to make sure that immigrants were as comfortable as they could be and in a figurative kind of way to see that they were taken by the hand to school and church and various other community institutions with which they had to get acquainted to get integrated into Canadian life.

The approach the branch took at that time, and which was based on well-tested social science theory and practice was that the job of integrating and helping immigrants to integrate into Canadian life was first and foremost for Canadians themselves in the communities where immigrants found themselves, and the role of government would be one of interpretation and of assistance but not one of direct intervention. Therefore the Department at that time with the agreement of the provinces made arrangements whereby language classes and citizenship classes would be available for them, and then withdrew. It

also took this approach to the community in that community agencies, churches, home and school associations—all kinds of community agencies which had an interest in newcomers should be the ones who would develop the programs and develop the climate where immigrants could best find their being. The job of the department became one of helping the community agencies to do this task. Now this is a radically different approach.

As a result hundreds and thousands of agencies across Canada came forward with all kinds of experimental projects to help immigrants settle into their Canadian life. The branch developed a four-pronged approach; first of all there was technical counselling in the sense of program counselling by the appointment of liaison officers who themselves were trained in social science and community organizations who would not work directly with cases but would work with the community organizations in helping them to define the kind of program necessary to help this process.

The second prong was a system of small experimental grants to help agencies to develop new kinds of projects.

The third prong was a modest action research fund to help some communities to get themselves involved in data collecting and data analysis of what they needed to do the job, and the fourth prong was information materials, films and all the things that go with this.

By 1956 this approach had worked well enough that the Indian Affairs Branch at the time did call on the Citizenship Branch to help it to deal with a new social phenomenon, the arrival of Indians in urban communities. This started particularly in the western provinces, with reserves bursting at the seams, and Indians were coming by droves into the cities, 99.9 per cent of the time through skid row because it was the only way through which they could enter.

The Indian Affairs Branch had traditionally administered reserves, and this was a phenomenon they did not understand at the time, and they asked us to come in to apply our kind of approach to Indian problems. So, the same kind of approach we had developed for immigrants we developed with the Indians, and we have brought in interpretation, counselling, finding out people who were concerned—again, pretty well the same people, social agencies, working with the churches, municipalities and provinces in developing programs to deal with this problem.

Senator Hastings: Of assimilation?

Mr. Cormier: Yes. So, starting in this way, perhaps I could now come to today. Today the branch is using the same approach, adaptation to the Canadian community, rather than developing programs they wish to impose on the community. Using the Canadian community we are following major areas of concern—immigrant participation, immigrant integration, Indian participation, and so on.

Senator Pearson: Your experience from 1956 to the present time in Indian affairs has not been very successful, because the Indians are just as badly off in the urban areas in the west as they ever have been; in fact, they are worse off than they used to be.

Mr. Cormier: This could very well be because the problem itself has been picking up...

Senator Pearson: Which problem?

Mr. Cormier: The arrival of Indians in urban areas has been increasing all along. I think, from what we can read in the newspapers—at least, from what I read in the *Citizen*—the Government at the moment is about to announce an Indian policy, but we must make a distinction between the Indian Affairs Branch and our branch because we have no statutory responsibility for Indians ourselves; we are trying to help the communities absorb them.

Senator Pearson: The same system did not work out with the Indians, so why would it work for poverty?

Dr. Walden: There might be a subtle difference here. I suppose it depends where you sit. I think the policy has been effective.

Senator Pearson: In the Citizenship Branch?

Dr. Walden: I refer to the events of last week. I think the demonstration of the Indians shows that they have arrived at a point now where they are organized, where they have picked up the ball. In other words, we did not have any money, really, although we were able to give \$2,000, \$4,000, \$5,000 to friendship centres, initial support, and so on. I think there is a subtle sort of difference, and it is a matter of interpretation, but to me the events of last week are significant—and I do not say this was as a result of the work we have done with the Indians, but I say there

might be a relationship here. This is what we want to do. We want to get people to be able to speak for themselves.

Senator Pearson: We have to wait and see on that one.

The Chairman: Is it not rather fairer to say that what happened last week is as a result of the failure of the departments to deal with the Indians who, finally, in desperation, took it upon themselves to do something and to get some action?

Dr. Walden: Exactly, and they knew *how* to take it upon themselves.

The Chairman: I want to draw a fair distinction. From our knowledge here, I, and I am sure other senators, share Senator Pearson's view that he has just expressed on the Indian situation. He says that the methods employed by the department in dealing with immigrants seemed to have worked, whereas the same methods have not worked with the Indians.

Mr. Cormier: Perhaps I could finish my statement. Could I address myself to that?

The Chairman: Go ahead.

Mr. Cormier: On the surface, this makes a lot of sense. This is what we see, what is evident to us. On the other hand, we must remember the role of our Branch is not the role of putting the lid on social problems on behalf of the Government. Our role is to work with community agencies, to get all the facts and to get people into communication, and very often the work we do will lead groups of people to signal, to point to certain social problems which are intolerable. Our approach to the Indian problem had the effect of bringing more and more Canadian organizations to become interested in the problems of the Indians, and there was a lot of discussion that ensued together with our policy of helping Indian native organizations with little grants to find their being and to organize themselves into groups that will grow over the years and develop a Canadian native voice. The Canadian Indians, through their provincial and national organizations, are developing an articulate native voice. We did it at a time when other departments, particularly Indian Affairs, were wondering if this was the right thing to do, but we could not see how we could help them with this problem if we did not involve the Indians in it. So, today, we do not have worse Indian prob-

lems than we did 10 years ago, except the problem is still there and more people in the Canadian community are becoming aware of it, and the Indians particularly are becoming aware of it. They are less and less satisfied with this situation, and they are more articulate about it. Through our program we brought about, with the help of the communities and provinces, friendship centres to help Indians come into the community.

The Chairman: You said that you have been connected with the Indian problem—and it is part of the whole problem—for at least the last 10 years; is that correct?

Mr. Cormier: Yes.

The Chairman: And so you know poverty. If you know anything at all about the Indians, you know poverty. You have had 10 years' experience. Is that correct?

Mr. Cormier: Yes.

The Chairman: Then how can you possibly present a brief to this group of senators and say that:

The Department does not wish at this time to make detailed comments on the anti-poverty programs and measures outlined in the committee's guide.

If everybody takes that view, where are we going to get that information? Tell me that. Are you not here for the purpose of making comments on poverty as you see it?

Mr. Cormier: I think we are making comments on poverty as we see it. Perhaps at the moment we are arguing the question, because we have different operational definitions. I will give you myself what I think is the big issue in poverty. Quite apart from what our department does, I think the big crisis or the critical question about handling poverty on the part of governments is, first of all, understanding poverty. This is a phenomenon that is not well understood, and it must be understood in a clear and operational way. That is the first thing.

The second thing, having understood poverty and how it manifests itself in different kinds of situations and regions, is to consider how government can best respond to it. I will go further and say that I think the traditional approach of government to poverty has been based on an economic concept of it. After all, we are just awakening from a tradition in which poverty was economics pure and simple. It is just in recent years that we are

beginning to realize that there are other elements to poverty than just the economic element. So, first of all, we have to understand poverty, and then to respond to it.

In the past it has been a matter of taking poverty as an economic phenomenon purely, and planning and designing programs aimed at alleviating the economic element in poverty, and then getting into trouble because the programs ignored a lot of other factors.

The Chairman: Do you mean to say that you can make progress in eradicating poverty without first and foremost dealing with the economic factor? Do you mean to say that there is another vital approach to this that is not economic?

Dr. Walden: Yes, indeed, sir.

The Chairman: Then, let us have it.

Dr. Walden: I think I pointed this out in the brief. If it is a question of just finding money, then money can be found. Money can be found in Canada regardless of how large the interest rate is. There is money. The same applies to the United States, although we do not deal with the same sorts of volumes. This was precisely what was discovered in the programs conducted by the Office of Economic Opportunity. The taking of \$5 million, \$50 million, or \$500 million and simply distributing it has been found to be completely ineffective. If I were poor and living within the sets of conditions that I have described, and I suddenly received \$1,000 I would spend it on booze.

The Chairman: You would be part of a small minority who might spend it on booze, because that does not show up in the history of the people who are poor.

Dr. Walden: I am not saying that everyone would spend it on booze. I would submit I would not know how to intelligently use that money. This, I think, is the cycle we get into. I would not like to be quoted as saying that all the poor living in these conditions would take the \$1,000 and spend it on booze. I am saying that there is a likelihood that I would not know how to use it. Furthermore, I would have no sense of involvement, and if I got \$1,000 I would say: "Why didn't I get \$2,000?", and I would go on a march and ask for \$2,000, or \$5,000.

You set up certain kinds of situations and you get certain kinds of responses, which are the only kinds of responses within the situations that most people see.

On the other hand, what we should do here—and this is the main thrust of our point—is to look at every aspect and not just the economic aspect, and the people who find themselves in this situation will then have a sense of participating in the working out of their problems. Right away you are increasing the likelihood of "success" in the comprehensive program.

I am not for a moment suggesting, sir, that the economic aspects are not fundamental in this problem, but what I am suggesting is that if we deal with those, and those alone, and if concurrently we do not take into account these other factors, and work with these people and indicate that we are responding, then it seems to me that with the programs thus far we will not meet with much success. At the moment, we set up a program, and if the demands or requests of a certain community meet the requirements of that program then that community gets the money. If they are smart—and many of them are—they will simply superficially appear to meet the demands of that program and they will get the money, but they still are not in the position through a kind of developmental approach that we suggest to really fully utilize that and feel that they have participated in this program. In other words, I am saying there should not be programs.

The Chairman: Let me say that you are one of the people who have had some experience in the Appalachian district of the United States, which is where the poorest of the poor are. Assume for a moment that it is the view of this committee that the three basic requirements for the eradication of poverty are money, services, and attitude; what would your comment be?

Dr. Walden: I am taking money as read. Let us assume that there is money. Believe it or not—and this sounds like heresy—we have the money. I shall not comment on whether it is being spent or misspent because we all have personal views there, but the programs which . . .

The Chairman: Let us take services.

Dr. Walden: I think the services are here too. We have a tremendous potential of services within the Government, but they are not co-ordinated. They are duplicated at the present time. They are duplicated at local levels. The communities now are just beginning to know how to use themselves.

I received a letter this morning from Vancouver, a city with which I have some attachment having spent a good deal of time out there, and some ideas issue out of the west, if nothing else. This concerns a socio-economic model for welfare planning in the greater Vancouver area. Well, at least, we are beginning to see that we are using each other with a manner of confidence. I suggest that this is just beginning within Government departments at the operational levels. I do not speak for the upper echelons, but I hope the same applies there. We have to get past the verbalization on this. We have to get past saying: "Sure, we are co-operating", et cetera, et cetera. At the moment I suggest there is not a great deal.

That is a personal opinion from my experience over the past eight months, and it happens because the services are locked into the kinds of programs. We have not learned to respond. The word "flexibility" has been over-used, but it is very pertinent here.

The Chairman: Dr. Walden, the question was: Assuming that the committee has in mind that the weapons to be used in the war on poverty are money, services, and attitude—what are your criticisms and comments? Never mind where the money comes from. We will assume that the Government will have the money that is necessary when the time comes. Consider this from the individual's point of view. We say that the man who is poverty stricken needs money, he needs services, and he needs a changed attitude of mind in order to pull himself out of the world of poverty. That is what he needs. Never mind what we require. Now, what do you say to that? You have had experience in it at the poverty level; you have had many years in the department.

Dr. Walden: You mean precisely what kind of services?

The Chairman: What would you like to say that we have missed? What does he need, or how should these be viewed?

Senator Quair: Would not job opportunities and employment be related to attitudes?

The Chairman: Yes. Service attitudes.

Mr. Cormier: Do you want me to make a comment now?

The Chairman: It is up to you. You can make any point you like at any stage.

Mr. Cormier: We have money, we have services, and in my view we are dealing particularly, as you say, senator, with a question of attitudes, which of course has all kinds of educational and other aspects involved in it. Somehow or other we have money. Anyway, we will assume we have it. It is only a few years since the Special Planning Secretariat, which had been set up to look at poverty on the basis of a survey they made in federal services, found 117 different federal programs designed to relieve poverty. I have not the statistics with me; I think it was 117, but that is subject to correction. Somehow or other the poverty problem was growing in Canada. It was found that there were programs that in some way, in the process of being designed, had got themselves into a kind of operational straightjacket, they were not reaching the people who really needed them. The problem is the delivery of services; the attitudes cannot be divided, and that brings about the problem of attitudes of both those who consume poverty programs and those who plan them. Those who plan poverty programs feel that the phenomenon of poverty, the problem of poverty, can be assessed on the basis of reading reports, reading books, and somehow or other can, in an ivory tower, be assessed and programmed accordingly.

The Chairman: You say that cannot be done?

Mr. Cormier: It cannot be done, but there is a feeling that it can be done.

The Chairman: Why did you not say so in your brief,—that we are just playing with words? Why not say so in your brief to us? We rely on you to give us the information. We are trying to find out what it is all about. You should have said in your brief: "You fellows are going about it the wrong way. You are not getting down to it." The next brief says so. I have read the next brief and it says so very plainly.

Senator Pearson: I read the brief we now have before us and objected to it right away. It is talking from an ivory tower point of view, trying to tell the committee what they are supposed to do when they get out into the field to discover what poverty is. As a matter of fact, the committee will discover for themselves. Poverty has been here for hundreds of years and nobody has been able to solve the problem. It is no use coming to the committee with a brief like this, because it is just another ivory tower approach. We have to go out

and discover these things for ourselves and then find a solution.

Senator Hastings: I agree with Senator Pearson. It has taken me 45 years to be conversant with English, and I am now trying with French. I had to struggle my way through this brief with a dictionary beside me all evening. I do not know why you could not have put it in the English you are using now, that we can understand, telling us of the programs you are undertaking in your department, which would be of assistance to us. Is this an ivory tower? I have read Douglas Ross' book entitled *Robert Kennedy: Apostle of Change*...

Mr. Cormier: I will just say this about the brief, because I had something to do with starting the whole process. Certainly I can understand your frustration. If we are given time we can get the answer to the question asked by the chairman; we can come back with a brass tacks point of view. However, to begin with we undertook to develop a conceptual framework within which poverty could be discussed. We did this because we had the definite feeling that an examination of poverty should perhaps not be attempted unless we took some time to appreciate the magnitude of the problem of poverty, because of its many factors, and develop a kind of conceptual framework from which to begin. We do not pretend that what we have prepared here is a recipe for how to proceed. There was little time to do this. We would have liked two or three more months to do it, when we would have had more brass tacks. If that is your wish we could come back.

Senator Hastings: I hope you will come back.

The Chairman: They will be invited back.

Senator Hastings: And that the brief will be in English or French.

Mr. Cormier: There is another problem in that we are one department of government and when we start talking about poverty in a brass tacks kind of way—and again I sympathize with your point of view—we have certain inhibitions.

Senator Pearson: Inhibitions?

Mr. Cormier: We have certain inhibitions in the sense that we cannot look at poverty scientifically without coming to the conclusion that certain approaches of the Government to

poverty are not based on the best possible principles.

Senator Hastings: Then you have a duty to tell us that. That is what we are here for.

Mr. Cormier: We are inhibited.

The Chairman: Everybody pulls their punches. You pull your punches and poverty goes on; everybody has had a good time and the committee has been occupied. What is the purpose of it? We are here to deal with this problem. On this committee are men with many, many years of experience; they know poverty, they have been through it themselves. We are trying to do something about it. Some of us here are getting on in years and may have our last chance to make a real contribution. I am speaking, of course, for the chairman. If people come here with the feeling "We can't talk about this because it will hurt somebody else". We cannot do that.

Senator Hastings: I wonder if I could change the line of questioning? I should like some clarification of section 22 on page 10, where you say:

...proposals for truly new kinds of residential schools for pre-school children, neighbourhood centres

and so on. Are you there advocating custodial care?

Dr. Walden: No.

Senator Hastings: It seems to me that the best hope for this nation is for these children, or any child, to be brought up in the confines of a family structure. The worst thing in the world they could ever think of would be to consign these youngsters to institutions.

Dr. Walden: That was what I meant by the reference to "orphanages". I think these schools would be conceived in quite a different manner. They would not, in other words, be custodial type schools. As much as possible they would be run with a home type atmosphere. They have these in Baltimore and Philadelphia with which I am particularly familiar. Of course the child would be cared for while he is there, but the idea is that there will be a kind of living room atmosphere, but provided with all sorts of opportunities such as paints, reading and being read to as well as watching films, plays and this sort of thing. It is not in any sense a custodial sort of operation. The idea is to begin there and to provide some of these

cultural or so-called enrichments which to us are just ordinary things.

Senator Hastings: In order to break down the family unit? We will break down the family unit.

Dr. Walden: This is a point which I think should be dealt with very carefully and if I move sort of slowly—the family unit...

Senator Hastings: The family structure.

Dr. Walden: The family structure is in a very delicate balance anyway. I am not suggesting that we do something that is going to intentionally tip it, destroy or threaten it.

Senator Hastings: You are not?

Dr. Walden: No, because often times and most times the mothers or non-working parent moves in with the child. Now, in these particular schools they are family units. Often times the parents, themselves, come in and in hearing stories read and things talked about in little groups they will, quite frankly, learn also. This is in areas where there is the so-called hard-core poverty. It is pretty stringent, but the parent takes part in this as well.

I do not mean that these particular schools have worked this thing out. It is something quite new, but the idea is certainly not to break down the family structure, but hopefully support it by bringing all people along.

The Chairman: I have Senator Carter, Senator Fergusson and Senator Fournier.

Senator Hastings: One short question. How long were you with the Economic Office?

Dr. Walden: I was doing contract work of various types with them during the two-year period I was in the States. I was not with the office as such.

Senator Carter: You are chief of the Social Research Department. Your brief indicates that a large part of the poverties of Canada is attributable to the attitudes. Have you or has your department conducted any research into the attitude of paternalism as it relates to poverty or the attitude of what I call community delinquency? Have you investigated the impact of these two attitudes and have you given any thought as to what could be done with it?

Dr. Walden: Speaking in the sense of the academic type of research, no, most of our research has been, in the lingo, fast and dirty.

It is an action-type of research and here I think we would, at the moment, be speaking from experience as opposed to hard research. Other than reading research reports generally, which we have not conducted, but which have been conducted by other projects or universities, the literature...

Senator Carter: Do you regard paternalism as an important factor?

Dr. Walden: Yes, indeed, I do. I think this is the kind of thing Mr. Cormier was suggesting, that paternalism again can take various forms. We may think we are not being paternalistic, but I am suggesting that when we set up certain kinds of programs without involving people in any point of the planning that this is a kind of contemporary paternalism, whether or not we like to think of it in those terms.

Senator Carter: You have programs of your own that you developed. Are you developing them with the view to avoiding this paternalism?

Dr. Walden: We have what we would call program areas, but not fixed programs as such. Our program is really based on an approach to helping people in their solution of these problems.

Mr. Cormier: They all involve discussion and participation on the part of the consumer and other services.

Senator Carter: Do you think our welfare program multiplicity—I think you mentioned 117 possibly. Do you think they contribute to paternalism or are set up in such a way as to create a paternalism?

Mr. Walden: My personal opinion is, yes, certainly.

The Chairman: Mr. Cormier referred to the special planning secretary book. This is a copy of it. You will all have a copy of it tomorrow. I am not putting it on the record because it is being revised and in two months we will have the up-to-date one. This one is dated back in 1967. These are the programs, "tell it to the people on poverty". People in Parliament do not know a thing about it.

Senator Carter: Mr. Cormier, I think earlier in the discussion you enumerated four points of programs.

Mr. Cormier: Four approaches.

Senator Carter: I understand that they were set up primarily for immigrants?

Mr. Cormier: At that time the main group were immigrants, but they were approaches and programs developed from experience that have, in a period of time, stood well in all kinds of community programming in which you want to involve the people of the community by bringing them program advice and giving them the help where needed, but not choking them with financial help.

Senator Hastings: In assimilation.

Mr. Cormier: Involvement.

Senator Hastings: But not poverty.

Senator Carter: Have you done any social research, or perhaps if you have not done any research, what the appearance is from your department with regard to immigrants. Are most immigrants entering Canada very poor? Do they contribute to poverty in Canada and if not why not?

Mr. Cormier: This is something that the Manpower and Immigration Department would probably be able to treat better. I can give you a few off-the-cuff observations. I do not think it is a fact that they all come to Canada poor. The whole body of immigrants have brought a lot of resources to Canada. Yet, a lot of them arrive in Canada with hardly anything. Research that has been done in regard to immigrants show that economically and from the point of view of economic establishment, they do a lot better or maybe twice as well—if I remember correctly—as a sample of native Canadians taken together. I imagine there are certain factors that can account for that. First of all, they are screened before they come in. We cannot screen Canadians before birth, they are born here, but we can screen immigrants and in this process we can eliminate probably those immigrants who would be unsatisfactory. This is one factor.

There is a higher motivation for the immigrant who arrives here to work well and settle economically because he takes nothing for granted. He possesses strong motivation to strengthen himself economically, whereas a lot of those born here take so much for granted.

Senator Carter: I would like to come back to the point I started out with, what I would call this community delinquency or community indifference. I come from one of the poor-

est provinces in Canada. Most of our people are poor there. I have seen many poor people come to Canada as immigrants, Jewish people, Polish Jews, Ukrainian Jews, and they have come to Newfoundland without a cent. Given three or four years—they are not poor, they are not wealthy, but they are earning their way and making their own contribution. My observation is that the reason for this is that if they are Jewish people the Jewish community gets behind them and gives them a start, they all chip in and help a man along until he can stand on his own and when the next man comes he does his part also.

The same is true of the Chinese. I have seen many Chinese come in and the Chinese community gets behind them. The rest of the community do not do that, they do not take the responsibility. Do you not think that poverty to a large extent is a community responsibility?

Dr. Walden: Yes, it is.

Senator Carter: It is that rather than a Government responsibility. How do you go about developing right attitudes in the community, the normal community, to do what the Jewish community or the Chinese community does in that respect?

Mr. Cormier: I think you are getting back into the problem of attitudes here and department involvement. I believe that communities will get into this and do something about their own problems when they begin to have a meaningful involvement and participation and when there are programs which are designed to deal with these problems. One of the difficulties sometimes is that the programs do not fit right into the community life and fit the particular needs. Then the community says that the particular program does not suit their needs, they would like one thing but the program provides another. It is like baking a particular type of cake and trying to feed it to someone who does not like that kind of cake.

I know of cases where a group of people wanted to become involved in a project and wanted \$1,000 in assistance but that assistance could not be found anywhere in the Government because there were no programs which would allow that money to be spent that way. At the same time, the Government was able to offer \$50,000 to set up another project on a community basis, but it just happened that this was not what that community wanted.

We have this problem of planning in the absence of community participation, so that at the end it does not really fit the kind of needs and kind of participations and aspirations that the community has.

Senator Fournier (Madawaska-Restigouche): Is that what we call the Ottawa bureaucrats, planning these programs for communities where people do not want them and are not consulted, and then they are imposed on the people whether they want it or not?

Mr. Cormier: That is what we would call one of the simple problems associated with bureaucracy. It will take a lot more effort and new techniques to discover how to get around that.

Senator Carter: Does it not boil down to a difference in attitude, where in one instance it is a community program but in the other instance it is a Government program. If a person is poor, it is a Government problem to get him out of the poverty?

Dr. Walden: Initially it may be, but without using the term paternalism, I think it is help for self-help that has to be the approach. The money must be found somewhere. If there is any kind of feeling running around other than a complete social Darwinian attitude—and I cannot believe that exists in Canada—we could put in what might be called seed money which might yield a return. But I doubt whether a community can develop itself, without help from Government.

As Mr. Cormier has pointed out, we do not need a lot of money to do this but we need good men in the field, working with others. It must be at a particular level, because education, adult education, the use of media are involved. This is what I was trying to say here, that the whole community must look at all its resources and help itself to get into a position where it can really utilize the kind of moneys which we can make available.

Senator Carter: But do you not say in your brief that none of that is any good unless the attitude is right?

Dr. Walden: That is right.

Senator Carter: Where do you start?

Dr. Walden: You start with this approach we are suggesting, as opposed to saying here, "we have examined as a committee realizing the resources of Government, and we have so many programs and there it is and that should be good enough". I am not saying you

would do that, I do not mean that in any way; but I say that, rather than that, you should start off, as I know you will, by going out and talking with some people in the communities, as I understand your plans are. This is an extremely wise approach, because from that you will get the public feeling. Some of these people do not even feel that they are in poverty.

Coming back to the situation in Newfoundland, the difference is that if you live within this sort of environment for a while, \$3,000 a year is big money as income. The question becomes a relative one. Whereas the immigrant is coming into the community with a lot against him, he knows what is against him and sometimes he overworks, he knows he must get along and make it, whereas those who live in these conditions continue on in an acceptance of them and so long as they are eating they just do not know how to help themselves, whereas the immigrant does.

Senator Carter: Yes. The point I was trying to make, and for that purpose I was selecting my own province, is that the people try to pull themselves up by their bootstraps, yet a person who comes in from outside, given the proper care, can go ahead. The ordinary person who lives there does not seem to believe that the opportunities exist and furthermore does not believe it because the Government, by our whole philosophy of welfare has encouraged him to leave it to George, and to think that George is going to do it.

Dr. Walden: I agree that there is a lot of history to be dealt with, and its effect, but the place to start is in the communities. I would submit certainly, that the money at the moment is a secondary thing, at least in the sense that if we can really come up with ways of doing this, we will find the money.

Senator Carter: Has your social research made any inquiries as to what communities themselves are doing to cope with this problem in their midst?

Dr. Walden: Yes.

Senator Carter: Can you tell us your findings on that?

Dr. Walden: They are so various that they vary from one community to another. It is extremely difficult to generalize.

The Chairman: Are communities doing anything?

Dr. Walden: Yes.

The Chairman: Name a few.

Senator Fournier (Madawaska-Restigouche): I do not know how many senators were on the immigration committee . . .

The Chairman: I was.

Senator Fournier (Madawaska-Restigouche): . . .but we found that the Italian people were doing quite a bit for their immigrants.

The Chairman: But what Senator Carter is saying is true. Of course, the Italian people brought in a couple of hundred thousand Italians and took them within their fold and made them feel at home. They have become the biggest asset to Toronto and Canada that we have had in a long time. But I am asking now if municipalities across the country have been doing anything, that is what we are talking about—communities. Are they doing something to alleviate poverty within their borders? If so, name one or name any number. I do not know of any, and we have had our people out in the field and they have been contacting groups across the country.

The members of the committee, yesterday, received a report indicating that we have contacted those groups both east and west. These are well-intentioned, well-wishing people without a great deal of assets or funds, but much good will.

Senator Carter: I think both Dr. Walden and Mr. Cormier mentioned earlier that they tried to mobilize the organization in terms of the chambers of commerce of various communities. You mentioned that on the organizational level, and I took that to mean that, if there were organizations in the community, you would try to mobilize them and get them united and get their efforts centred on this particular problem. Where have you done that and what has been the result?

Dr. Walden: We have done it in practically every centre across Canada. The result is always favourable, but, again, it is extremely difficult, because we are still talking about the governmental structures at these various levels and a municipality will say they have just not got the money and so on. Vancouver is one instance where, basically, what we have attempted to do is act as a kind of catalyst to move the board of trade, the voluntary sectors, the service clubs and so on, together with the people in the community. It may focus not around poverty but around many different aspects of life within that community, but where people have involved

themselves voluntarily, not even groups of people but just groups of individuals, the programs have realized a great deal. Gradually they become mobilized and then you get offshoots to specific examples of action within the community.

Senator Carter: Is it not true that these efforts are a little extra charity? You make up collections and you get welfare. Somebody has an extra problem and so there is a little extra money. But they are not focusing on the problem as you described it in your brief.

The Chairman: What Senator Carter is saying is that they are a form of "band aids". But can you give us a word for them.

Dr. Walden: It may be that they are, except that along the way people learn how to work together and how to organize themselves, and I think this is, at least to me, the second point, that, once they have learned to do that, they can go on. But until that stage has arrived, they cannot.

Senator Fergusson: Mr. Chairman, on page 10 of the brief, section 22, the brief refers to the Higher Horizons Project in New York City. I do not know anything about the Higher Horizons program, but I presume some of the things listed below are some of the things included in it.

Some years ago I went to New York and saw some of the things they were doing in the field of ageing. That was before Canada did anything. Many of the things they were doing in ageing were wonderful and have since been adopted in Canada. Perhaps we could take a lead from New York again, if we knew more about what this Higher Horizons Project involved and whether it has been a success or just how successful it has been.

Dr. Walden: I do not pretend, quite frankly, to know all that much about the Higher Horizons Project. In fact, what I am basing my remarks on are a one-week visit and the response of the Higher Horizons people.

Senator O'Leary (Antigonish-Guysborough): When was that?

Dr. Walden: In the spring of last year, just about a year ago.

Senator O'Leary (Antigonish-Guysborough): I asked you that question because there is a program on Scope tonight at 10.30, channel 7, Plattsburgh, dealing with welfare in New York. It might be of interest to look into it.

Dr. Walden: I would not want to give an impression that I am a "been-to", but, in fact, one of the things which I feel we could learn from many of the programs they have is that massive programs can involve massive mistakes. My suggestion here is that it would be worthwhile to look at these things very critically. The Higher Horizons Project in New York was an attempt to, on a planned basis, provide as many of the younger people, children of all communities across New York, with a look at the cultural aspects of New York and, indeed, at the city of New York itself.

It was found that many of these children had just never been over to various of the sections of New York. Certainly, they had not been down to the museum and places like that. From that point the project began to grow, because they discovered that once the children had seen some of these things they were then interested in talking about them. This opened up a whole new world for them. So then volunteers were pulled in, mostly high school students. It was found that the high school student in his mid-teens was an ideal sort of worker, because there was as yet no generation gap, to use the term. So then began a kind of system of tutoring, in effect, in the sense of establishing dialogues. From there it developed to the point where it took in several different sorts of little projects within it. There was camping, for instance, and so on.

Basically, I do not think the project has been evaluated in the rigorous sense of the term. It is a kind of intuitive operation. They had not evaluated it in that sense at that time, in any event. They may have since then.

Certainly, however, the results seem to be that, if their purpose was to open the world to these children, their purpose has been achieved in large part.

I could get more information about the Higher Horizons Project for you, if you wish.

The Chairman: That is all right. We will have members of the committee look into it.

Senator Fergusson: When you say you applied to the Indians the same approach you applied to the immigrants, did I understand you to say it was not so successful?

Mr. Cormier: I think it was. It was just that it was a radically different public. We think it did not work in the same way, but it was just as successful. It was successful in the sense that when we started with the Indian com-

munities we had to initiate the mobilizing of large numbers of people in the non-Indian community and to arouse their concern, to do something for Indians, and we were successful in getting Indians to develop a voice strong enough that they forced the government to reassess its old policy regarding Indians. That in itself we think must be qualified as a success. We do not take the whole credit for ourselves but we were involved in this process. It had to be made to look worse before something could be done about it.

Senator Fergusson: I have a further question; was the response on the part of the community organizations as good in connection with the Indian problems as it had been in connection with immigrants?

Mr. Cormier: Yes, it was.

Senator Fournier (Madawaska-Restigouche): Mr. Chairman, I think I must say first of all that I share the views of my colleagues regarding the brief which is not exactly what we were expecting. Now I would not want the witness to think that we do not appreciate the brief and the effort they have put into it. We do appreciate it. However, they mentioned that they would be coming back and I hope they will keep in mind that this committee is a fact-finding committee. We want facts. We do not want the statistics we already have from other sources. If you have anything new to suggest that you think should be done, put it on paper. We do not make any commitment that we will follow it or accept it, but we will study it. This is the purpose of this committee. I shall have a few questions to ask when you do come back.

In my view at the moment one of the main problems in Canada is the abuse of welfare. This committee has had a considerable amount of publicity because of what it is trying to do to reduce poverty in Canada but we must be careful not to divorce the working society from what we are presenting as welfare. If we do that we are making a mistake. We cannot build Canada by welfare, but by a working population. We cannot overlook this working society. However, when I speak of welfare let me make it clear that I have nothing against those people who are receiving welfare because it is needed. I have no objection to old-age pensions, family allowances and things like that. But what I do object to is the abuse of welfare. We have been talking about the shortage of money, but much of our resources are being drained by the abuses in

welfare and this is very dangerous. Even in my own province there are instances of abuses of the welfare system that are absolutely shocking. I have no doubt that the same thing applies across the country. There are people who can work for \$85 or \$90 a week but will not do so because they would rather avoid work and collect welfare.

This is a serious situation. I hope that you will make a study of these things and bring us your report.

Dr. Walden: I do not think we are in a position to say that we can do that. With the resources available to us we could not undertake an investigation into the abuses of welfare. It would be impossible to do that. I would take it as read that there are abuses, and if we make \$1,000 or \$50,000 available there will still be abuses under present conditions. I think we have to tolerate some of these abuses but hope to reduce the instances of abuse. I think this is really the point we are trying to make. If the committee were to deal with it only in the economic financial sense, I suggest that you would be in a box and this would apply to any agency doing likewise. We must look at it from the point of view of being a social investment as opposed to welfare.

Senator Fournier (Madawaska-Restigouche): When the Economic Council was here, and I did not share all their views, they said there was over a million poor people in Canada but they did not define what they meant by the word "poor". Now in your statement you bring us something new. This is on page 2, in paragraph 5:

If we mean a minimum standard of consumption, poverty will not be defined by how much income a family receives but by how much it spends on the necessities of life.

Now, what are the necessities of life?

Dr. Walden: I have laid out, or attempted to, a variety of descriptions of poverty. All of those in section 5 I suggest are varying. To you a necessity would be something which to me would be a luxury, or vice versa. It just does not provide the kind of framework within which to attack the problem.

Mr. Cormier: It is the sense in which you put it in.

Dr. Walden: This is the sense in which I have put this, that there have been several alternative or different descriptions to follow.

I would agree with you that I think it would be impossible, there would be so many different views. It is intriguing. Who is poorer, because you drive by shacks with perhaps a 2 or 3 year old, but still a Cadillac, sitting there, enormous gas consumption and so on, but I am suggesting that that kind of behaviour, the behaviour of going out and buying through enormous, probably, interest charges, that 3 year old Cadillac had some meaning to the person who did it.

It has no rational meaning to you or I, but to the person who did it it had some meaning.

I think we have to try to get at why do people in those circumstances do these kinds of things.

I am sure if we do not understand these kinds of things we are nowhere in attacking this question.

The Chairman: We have always understood about keeping up with the Jones'. That is the middle-class attitude, is it not?

Dr. Walden: I think there is more to it than that.

The Chairman: Is it status? What is it?

Dr. Walden: I think it is for the same reason that they go out and why they choose sports. Here is something where they can get some kind of reinforcement. They try hard, they are good and they get some sort of reinforcement from doing that, some sort of reassurance. It is almost like a lady going out and buying a new hat; it makes her feel better. That in itself is worth a research study, perhaps carried on by someone.

The Chairman: I want to tell you something. Our field is large enough. We are not going to research study on why a man buys a second-hand Cadillac. We have got other things to do.

Dr. Walden: I am not suggesting the committee do it, but until it develops this kind of framework it will just be another financial hacking away on poverty.

The Chairman: No; I outlined to you what the committee was thinking. I asked you if the committee's thinking on money, service and attitude was on the wrong track. I asked you that and you are a man with some experience in the field. I gathered from the answer that you gave us that we were on the right track?

Dr. Walden: Yes.

The Chairman: Then at least to this extent we can agree that we are going in the right direction?

Dr. Walden: Yes.

The Chairman: So that we would probably be right if we as members of the committee come to the conclusion that a poor man who buys a Cadillac just to show off is a damn fool.

Senator O'Leary (Antigonish-Guysborough): No.

Dr. Walden: No, not quite.

Senator O'Leary (Antigonish-Guysborough): He wants one thing, he wants to stand out for something. Let him have his Cadillac, just like the other fellow. Let him have all the booze he wants.

The Chairman: I said "status," but he did not agree. I said keeping up with the Jones'; he did not agree. You have been in this aspect of the service for quite some time. What do you by way of media to let the people know what the committee is doing, what the committee is trying to do and what the problem is?

Dr. Walden: I do not see any media.

The Chairman: There are media here. You will be quoted tomorrow morning.

Dr. Walden: With all respect to the fourth estate it seems that I have a horrible feeling of *déjà-vu* on this.

The Chairman: But you spoke about it in the brief.

Dr. Walden: Yes. Not that we have anything all that important to say, but I think the discussion here this morning so far as I am concerned has been extremely interesting. It may be helpful, but I think it should be either viewed or taken on video tapes into communities and shown to the people that you are soliciting views from who are in a state, quote, of poverty.

There has to be some sort of dialogue with them. There is a feeling among them that the Government does not care, yet here is a committee made up of very busy and fully occupied people who do care. I think just this demonstration of the kinds of problems we have been wrangling over this morning, for example, should be available.

We talk about information coming from, but I think if we are discussing media surely there has to be information to.

The Chairman: By that you mean?

Dr. Walden: From the committee.

The Chairman: From us to the media?

Dr. Walden: Yes. Now, I am not suggesting it is going to be comfortable, but I am suggesting that if you can set up this kind of dialogue, utilizing media, that you are really going to get at this thing and the people are going to feel that you are going to get at the thing, and I feel this is extremely important.

Senator Hastings: Mr. Walden, you say on page 8:

We are pleased to inform the committee that one of our regional officers in the Maritime area has already some thirty-five hours of video tapes under editing for the viewing of the committee. These tapes will indicate the views of many persons living under poverty conditions in that region.

How did we get 35 hours of video tape?

Dr. Walden: We did.

Senator Hastings: Under what program?

Dr. Walden: No program. He is our regional officer and he has been using video tape, a little Sony portable camera and so on. It is a very simple piece of equipment, but he has been using it in other fields and knowing that the Senate Committee would be coming, and being concerned personally in that region with issues concerning poverty, he has undertaken to develop it.

Senator Hastings: He was not working under a program of your department?

Dr. Walden: Not a program, but he is our regional officer down there.

Mr. Cormier: The approach of our department is to try to collect, to try to rationalize the issues rather than mythifying them, to try to look at an issue and get the pros and cons of an issue, to try to get to the meat of the issue so that it can be presented and understood. It is in that sense that he undertook that.

Senator Hastings: On poverty?

Dr. Walden: People living in a condition of poverty.

Mr. Cormier: People living in poverty.

Senator Hastings: When will you be able to present those views?

Mr. Cormier: It could be arranged.

Dr. Walden: I understand that either some members or the committee itself are going to be in Halifax.

Senator Hastings: I realize that, but what I am getting at is you tell me you have got a program to get at the issues and present the issues.

Mr. Cormier: Yes, to present the issues.

Senator Hastings: On poverty?

Mr. Cormier: Yes. We have no poverty program, as we say, but we work in communities where there are poverty problems.

Dr. Walden: This was taken specifically with the committee in mind.

The Chairman: Senator Hastings, our report indicates that both from east and west the community men are instructed to contact community people who deal with matters of poverty. I am told by them that they have been doing some work on tape recording, feeling that we could not get around to everyone, so that they will have available to us discussions with some poor people in both places.

As a matter of fact, they had talked about buying some tape recorders. I told them to forget it, but the people there are doing that for us now.

Senator Hastings: I appreciate that, Mr. Chairman, but I felt the statement might allude to some program you have and I come back to asking you for a program of your knowledge?

Mr. Cormier: Actually if you were to ask the Secretary of State or his deputy minister has the Secretary of State got a poverty program, we would have to say no. Treasury Board has never given us money and said you go and fight poverty. We work with the blind people, we work with the immigrant people who live in a situation of poverty.

It is not a poverty program. We are just trying to get them to participate in self help and trying to interpret their problems to those people in the community that can help and bring them all together. So in this sense we do not say we have a poverty program,

but we are in the business of poverty in that sense. I hope I do not look as if I were evading the question.

Senator Hastings: No. I felt that that might allude to some program that you have.

Senator Fournier (Madawaska-Restigouche): Who is going to see these films? Are you going to make them available to the committee before we go to these regions? I think it would be very helpful if we could get some background, not after, before we go if we could find the time.

The Chairman: It may be that when we go into the regions, Senator Fournier, that we shall start out by seeing these films on the spot. We can set aside a certain amount of time to see them.

Dr. Cormier: We consider that Mr. Joyce would be able to get into touch with us.

The Chairman: He will; he has heard the conversation.

Senator Fournier (Madawaska-Restigouche): I think it would be helpful to the committee.

Dr. Cormier: Mr. Chairman, there is just one comment that I would like to make: In my few years of working in social development, which covers poverty and everything, there is one thing that I do not think has come up this morning, that I have not discovered and I do not know anybody who has discovered it. How to approach in a rational, well-planned way the hardest core poverty groups.

You give me a contract to go in a large number of Canadian communities to get them to develop self help programs and I think that I would take it and I could give you successes at the end of the year, but there are certain communities which have such a long history of defeat and of poverty that they are still beyond the reach of all the approaches that have been designed so far.

I think Senator O'Leary will agree with me that the Antigonish movement with which we are both associated, probably the most dynamic program in the last 30 years, has had some very dramatic successes. Yet in spite of its dramatic successes you would have a network of communities that pull themselves up by their bootstraps and become new communities, yet there were some hard core communities that did not quite respond to that approach.

I fail to see that there has been any approach devised recently which does reach those communities.

Senator Fournier (Madawaska-Restigouche): Mr. Cormier, I think you will find out in these regions, each one of them, if you have not got a leader you will not get success. The success of anything depends on the leader, one or two men in the community. If you have not got those two men you are lost.

Dr. Cormier: I may say this further, this is very truthful, what you are saying, because we assume that all communities can produce a leadership in X number of months or X number of years, but some of these communities may have had such a tradition of defeat and everything that we are expecting them to develop leadership too fast.

What happens is that they do not respond as fast as some of the neighbouring communities to the approach that we take. The tendency has been in the past to forget about them as hopeless. We may have leaving a lot of hard core communities, abandoning them when they might have been five years away from coming to it.

As a result we have not discovered anything in the end. We just know that the approach did not succeed in a certain given time.

The Chairman: May I just say this. The first thing we want to do is to do justice to your department and give you an opportunity to do justice to yourselves, because you are a "think" department. You may have misunderstood exactly what we wanted, so you are being asked today to be back here at some time after a three-month period. We will give you a more specific time.

Believe me, I make no reflection when I ask you please in the new brief do not talk about human ecology or initial analysis. It will be better if you just talk plain English and let us have it that way.

Also while we are at it, Mr. Cormier, you know something about hard core communities. We would like to know about them. Sometimes they resent being put on record. You give us a confidential memorandum on hard core communities. It will not go on the record, but we want to know for our own knowledge. You can do that without any difficulty; you can speak your mind.

Now, in so far as you, sir, are concerned, we would like you to give us whatever infor-

mation in the way of a memorandum you can on higher horizons projects.

Also, you say in paragraph 4 that you speak from the experience of the United States, lacking a commonly held conceptual base. You have had some American experience that is very useful. We would like a memorandum on that. Both of those will be for the record. That is all I can ask.

Senator Roebuck: I would like to say something. I have been an awfully good listener up to date. I see in the first page of your brief:

Poverty is not only the absence of physical things, but the lack of opportunity to share in social things.

...the economic component is one of many.

...the great part that economics will and must play in the matter.

That is to say you have recognized to some extent at least the effect that economics has on the situation.

I suppose you will agree with me that the real cure of poverty is more jobs, is it not? That is not phrased in high language, but the kind of language that the chairman has been talking about, just more jobs?

Dr. Walden: No.

Senator Roebuck: There is the personal factor, of course; there are some people who do not want to work. There are some people who cannot work. As Mrs. Fergusson said one time in our discussions there is the widow and her children. There are the poor that are always with us and always will be because they have not got the capacity to protect themselves or to provide for themselves.

We recognize that there are two sections, but have you not noticed in the course of your long experience that when jobs are plentiful there is less involuntary poverty? Voluntary poverty is another matter; I am not much interested in voluntary poverty. If a person does not work the good book says he should not eat. That is if you can't work. That is one section of our inquiry.

With regard to the personality of people it is only one section of it as I see it. I am interested in the economic conditions much more than I am in just trying to analyze the difference between men who cannot work with their hands, or their feet, or their heads. These are all conditions that we have no real control of.

I belong to the medical committee here and we are trying to do something in that regard there but you are talking about poverty now.

There are two sections of it, undoubtedly there is lack of jobs. Go to DBS and they will tell you how many thousands there are who are waiting for jobs who cannot get them.

Now, I wonder if you have done any work on that?

I put it in this simple way: What we want are jobs and more jobs. Have you gone into it at all?

Dr. Walden: Again I must say only as one of a host of many factors. This has not been again either a program or a specific study of our department, but with some of the things I have said, what have I got to lose now?

I think what we are talking about in the sense of jobs is that we all know so little about the social impacts of technology that it is pathetic.

Senator Roebuck: Oh, yes, but technology is just another tool, that is all.

Dr. Walden: But it is a tool, sir, which is having profound impacts on our society today. We have not had the funds. I have collected some studies that were done on this. Most of it is known, but what I think is more important than just the number of jobs is the shift in the kinds of jobs that are available.

I suggest that we run the danger of attempting to establish jobs as a kind of make-work type of thing. We hear "leisure" and we do not know what we mean, and I do not know what I mean at this moment, but I am suggesting that this whole aspect of work and leisure, while certainly in the medical profession this is a factor, I think what we are saying here is that there are so many things that we do not know, but that we need to know in order to come at this.

Senator Roebuck: I am just wondering whether you have read any of the basic, classic books on economics. Do you know anything about Ricardo's law of rent, and of George's law of wages as set forth in his book *Progress in Poverty*?

Dr. Walden: Yes.

Senator Roebuck: We are supposed to be studying poverty. George's *Progress in Poverty* is one of the greatest books; with the exception of the writings of Karl Marx, it had a wider circulation than all the rest of the economics books put together. Have you read it?

Dr. Walden: Yes, but it is nineteenth century.

Senator Roebuck: No, it is not.

Dr. Walden: I am not suggesting it is not valuable to read in the sense of perspective, but we have not begun to cure the ills of the first industrial revolution and the second one is on us. I do not think that we are arguing in a sense. I would say yes, jobs by all means, but I do not think it is as simple as just saying jobs and enumerating jobs.

Senator Roebuck: You mean that it is not everything, but you surely do not argue that that is not a very, very important factor?

Dr. Walden: It is a very important factor. I think meaningful work is extremely interesting and I would rather use it in those terms than jobs. I think a study, if I may suggest this, of the shifting kinds of jobs that are available would be important.

Where is the shift? Obviously to many of the service industries; obviously to service in the sense of the whole medical-technical field of support services and so on. Even within any given profession or type of service there have been whole shifts.

If we are going into or talking about this dangerous term of social engineering we I think must look at this whole area of automation and so on. I think many of the opinions have been overstated, as it were, but I do suggest that this whole picture is part of the aspects, not just of poverty but of the whole society.

I am sorry if I sound pontifical on this; it is just that I see so many aspects bearing in on this complex of poverty that have relevance to the whole society. We may be educating, indeed, our children for the wrong future in many ways.

Senator Roebuck: I have known people who could not see the forest because they could only see the trees. I am afraid that that is sometimes the case with people studying questions of this kind. They get into so many side issues which perhaps are important but are not the basis of things at all and get us nowhere.

Now, you are coming back in 6 months, are you not?

The Chairman: At some time.

Dr. Walden: If you will allow me; I would very much enjoy it.

Senator Roebuck: Give a little thought to this question of unemployment and how it is cured. What we should suggest, if we suggest anything, because if we do not deal with that, we put it aside and just talk of these human variations between men and women and so on and, as you say, technology and I do not know how many other branches of our subject there are, we will just get nowhere. We must deal with it all, we must deal with those subjects and we must deal with this very important subject of the economics of jobs.

Mr. Cormier: Mr. Chairman, there is one thing that I should say before we leave, that our assistant deputy minister, Mr. Charles Lussier, came in and we were so busy in discussion that I did not have a chance to introduce him: Mr. Charles Lussier.

The Chairman: There has been a good deal of talk about a guaranteed income. Are you prepared to give us some views as to why a guaranteed income should not apply to the disadvantaged? I am talking about the crippled, the blind, the people who are no longer in the labour market. Have you any views on that at all that you would like to express?

Mr. Cormier: I come to the conclusion that in the next generation an automated society, a post-industrial society like Canada will arrive at the point where it will have to pay a large proportion of its citizens not to work. Whether this is done through the guaranteed annual income or not I am not an expert on, but people will have to be paid not to work. This is so that production can be consumed and for some other reasons.

I predict that when that happens and you have guaranteed annual incomes, or whatever you have, we will still have the problem of poverty the same as today. People may have guaranteed annual incomes but this does not mean, as it is today, that they will have learned to deal and to cope with their social environment.

The Chairman: What you are saying is that no matter what we do we are not really going to solve anything?

Mr. Cormier: Not at all.

The Chairman: What can we solve then?

Mr. Cormier: I think that you have misunderstood this, in that we are coming back to the thesis that we have been presenting all morning. There is money; it might not be distributed in the best way at the moment.

What have to change are our services and attitudes; we must find new ways, which we have never found yet.

The Canadian society, through their communities, must find new ways to open up all kinds of avenues to people who have not heretofore been involved or have not had an opportunity to participate in all the various processes.

The Chairman: Let us talk about it; let us be realistic. He is a man who lives in a small town, works a full 40 hours a week, a hard-working man with a good family, netting \$50 or \$60 a week to support 5 small children. He is a working poor; he is earning \$50 a week.

Senator Roebuck: That is why I want more jobs, so that competition will increase his wages.

The Chairman: What do we do for him? How do we help solve his problem? He is not going to get any more money in that area. That is all he can get. The minimum wages are as high as they can be.

Mr. Cormier: This is the hang-up we have, senator.

I have a brother in Cape Breton in a fishing village who has an income, when he takes family allowance and everything into account, of about \$3,600.00 a year. He has 5 children, one of them at university, the others all going through school. Somehow or other he is going to put them all through university with the help of some government programs that he knows how to use and with the help of the Credit Union. He is very anxious to do this. He is not a poor man; he is a lot richer than some people making \$8,000.00 in Toronto.

The Chairman: Let us get it into the light in which we are studying this. Individuals, certainly the Cormiers were always people who could scratch. This is how you got there, too, and that is how most of us got here too.

Now, by the definition that the Economic Council put on poverty, we have got to accept that for the time being—50% of our problem is in the working poor. The percentage is my percentage but I am not too far out. Now, 25% is in the disadvantaged and female heads of families; 50% is in the working poor and 25% is in the hard core. That is a toughie, I will admit, but I will refer to the other two.

I asked the question and he was not prepared to answer it, but when we talk about the working poor I ask you what do we do?

Fifty per cent of our poverty-stricken people are in the working poor, the near poor we call them. They are not all farmers. Some of the people on the farm with an income of \$2,000.00 a year are quite content. They have got other advantages. I am not talking about those people; I am talking mostly about the industrial working poor. What do you do for those families to get them to the point where they can live decently and above what we consider to be the poor line? You do not suggest that we subsidize industry, do you? No, you do not suggest that. What do we do then?

Mr. Cormier: I must say I do not know.

Dr. Walden: I was just going to say, Senator, in reply that I am not against looking at it, the work, the jobs, the incomes and it may well be that amongst a whole range of things that the economists, for instance, can recommend, and have indeed at their disposal, that a guaranteed income should be excluded. I think the point here is though things tend to get institutionalized.

Coming back to the lack of any sense of either competition or involvement, this is the danger here. I would much rather see the same kind of money either being made available to them but in conjunction with education. I include it in the broad sense, consumer education, business education, how to utilize that, plus paying them indeed to be re-educated for jobs which will move them into the kind of work world that is emerging in Canada.

The Chairman: What I wanted him to say, and I was waiting for somebody to say it, is there is not much we can do for him but we can do a good deal for the children. We can walk in there and say, "Educate this boy and so long as he goes to school and maintains his standing we will give him \$15.00 a week. Educate this girl right up to and through university; we will continue to pay them on a weekly basis a reasonably decent sum and educate them."

Some of them want other sorts of training, but in any event we will continue to provide for the family so as to avoid having the children go into the market unskilled and finding themselves on the unemployment market five years later where we have to spend \$80.00 a week to train them.

That is what is happening, but I wanted that to come from your people, not from me. Sure, I know that they know that, but it is

the kind of suggestion that we want from you people—because it comes from knowledgeable people like you.

Let me set you right on one more thing: There is not anyone around this table who thinks that the guaranteed income will solve everything. The guaranteed income must come with services plus attitude. There always must be services, with the income, which is just the beginning. So do not misunderstand us.

Dr. Walden: No, I did not mean to intimate that. As a matter of fact, just pursuing that line, in Japan I understand they have quite an advanced work study arrangement. I am not sure who initiated it, but certainly the industries themselves have picked it up.

I think this is not so that every electrician in the plant will become an electrical engineer or a research scientist but I think it is a constant ongoing arrangement whereby they will move their workers as the technology of the industries move.

The Chairman: The Americans are doing that too. If there is anything in Japan that is going on, the chairman is authorized to send every Japanese-speaking member of this committee over to Japan to study it.

Senator Hastings: On page 8 of your brief you say:

It is the position of the department that culture must be shared by all Canadians, and that ways must be open to all who wish to participate in its development. This should extend to information about Canada and Canadians. We propose the idea of developing information drop-in centres across Canada. Such centres would be equipped with advanced telecommunication devices for the fast transmission...

Etcetera. You spoke of community involvement; did that idea come from community involvement or is that idea arrived at here in Ottawa?

Dr. Walden: At the moment obviously it is just an idea, but one of the problems is undoubtedly communications. Even were you to get a person in a community who wants to look and see what programs there are, he just does not know where to go. Now you and I would say there are agencies of the federal government in the yellow pages and so on, but it does not work that way. In any given community, from our own point of view the

federal services are dispersed all around and these people just do not either know, or do not know how to go about coming to know, what is available by way of programs.

In other words, if we are sitting in buildings in our various offices we would be representative of what, 20 or more federal government departments, but sprinkled around a large centre say like Vancouver? It is very difficult for the citizens. I am just using one example particularly of these kinds that we are talking about, these citizens, to ever find out what the government has indeed got to offer. Or he may go to one, very boldly, screw up his courage and go into one and receive the reply: "gee, you are not organized; what is the name of your organization? Have you got a program going? Have you got a legitimately set up organization?"

This is one of the problems also, now that we are into this kind of thing, that until a group of citizens is indeed organized, and has had a history of organizing, the problem will remain. We are giving money, for example, and I am speaking, if I may, off the record now. We are now being forced to check very carefully organizations that are already on their feet and have been for years and are going.

The small amounts of money that we give to them could well be, I suggest, spent in maybe these kinds of things and so on.

I think we need to pull together into some central spot so that it becomes known if you want information either about government or whatever is there.

We say that there is lack of communication, but this is the sort of specific thing which could start to help. This could be arranged right across Canada with all the techniques we have got. Businesses are organized in this way, with their Telex and so on.

Now it is, as I say, just one suggestion of how to get communication going.

Senator Hastings: Do you feel the 500 odd Canada manpower centres are not fulfilling that purpose?

Dr. Walden: No, I do not mean this in the sense that they are not fulfilling their particular purpose, but there are things which are not their bag as we say.

I am suggesting that we need an overall pulling together. The citizen does not say this belongs to manpower, or this belongs to health and welfare. I have been here ten months and some things come up which I

have trouble placing as to what is the appropriate department to go to. So transferring it down the line they are lost.

Senator Hastings: It seems to me that if a person out of work and in need of welfare goes into a manpower centre there are counsellors there to help him, to direct him.

Dr. Walden: This might be a start, but there is more information than just what manpower has to do.

Senator Hastings: I think manpower is doing this.

Senator Sparrow: I will tell you they are not.

The Chairman: You are absolutely right, Senator Sparrow, they are not.

Senator Hastings: We had better get manpower and immigration here.

Dr. Walden: I suggest you get them all.

The Chairman: It is hard enough to get information in Ottawa.

Dr. Walden: Exactly.

Mr. Cormier: I think one phenomenon and one principle that comes out of this exchange is the fact that in our society there is a vicious cycle. There are government programs but the people who come and utilize government programs are the people who least need them. They are the people who are developed enough that they can form effective organizations, that they can write briefs, that they know how to reach their member of Parliament. They know how to do things but all the time that particular poor group who have no organization, their problem is not looked after. So that is a vicious cycle in a way.

Senator Fournier (Madawaska-Restigouche): This is one thing that personally I feel that in those poor areas we are not dealing actually with the poor people concerned. We will be dealing with their representatives, or somebody on the payroll. I think that for the committee to reach these people we are going to have to do it after school or on Sundays; how can we come to them?

Mr. Cormier: In other words, how are they doing, how can we help them?

The Chairman: Getting to that, from your experience can we say that the experts on poverty are the poor?

Dr. Walden: God help the poor if that is the case. No, I think that certainly there has to be a combination of people, sir; people like yourselves make use of whatever use people like myself and our research department are. There has to be a pulling together, but certainly the place to get the picture is amongst the people who are living there.

Mr. Cormier: I think one thing that may be said is that while the poor themselves cannot solve all their problems, because they would have done so before if they could, in arriving at a realistic concept of poverty and what means to take to alleviate it, it is unthinkable to think that this can be done without the participation of the poor.

The Chairman: Of course, in our earliest plans we had intended this; it was just how to see the poor, how to get to them. There is no purpose in calling together 200 poor people at a meeting to try to find out what it is all about. The suggestion made that you people have been talking to the poor and recording them will be one of the methods. The others will be through visiting.

Senator O'Leary (Antigonish-Guysborough): My question is for you, Mr. Chairman: You were asking Dr. Walden before if he could give examples of municipalities promoting community involvement programs. Did you have anything particular in mind when you were asking this question? Do you think that municipalities should be involved?

The Chairman: Yes, I do think municipalities should involve people in community efforts. It is mostly done by independent groups within municipalities.

Senator O'Leary (Antigonish-Guysborough): Voluntary groups; do you think the municipalities should be doing it themselves?

The Chairman: Yes, the municipalities should give leadership; it is partly their problem.

Senator O'Leary (Antigonish-Guysborough): I was thinking about the danger that Mr. Cormier brought up before in that if the municipality has involvement would there not be a danger of this statutory help? In other words, something could be good for a community which the municipality would not necessarily know and at some point money is obviously required. Perhaps they would initiate programs that were not of help. This is all I was thinking of.

The Chairman: Yes, it is a possibility. Are there any other questions? Mr. Lussier, is there anything you would like to say?

Mr. Charles Lussier, Assistant Under-Secretary of State: No thank you; I am just an observer.

The Chairman: Let me just say on behalf of the committee that this has been a searching morning. We are deadly serious about this problem of poverty. If we did not think that you people were able and knew a great deal about it we would not have bothered asking you questions that have been pretty searching and thus obtaining a great deal of information. There is no reflection on you at all. You are going to take two bites at the problem of poverty and we look forward to the second bite being even more useful to us.

On behalf of the committee I thank you and indicate to you that you were very helpful to us by answering our questions. We look forward to seeing you again in the near future. Thank you.

The committee adjourned.

APPENDIX C

BRIEF

SUBMITTED TO THE SPECIAL
SENATE COMMITTEE ON POVERTY

BY

THE DEPARTMENT OF THE
SECRETARY OF STATE*Introduction*

1. The Department of the Secretary of State possesses a fundamental commitment and mandate to improve the quality of life of all Canadians. The subject of enquiry of this Committee is, therefore, of very high priority to the Department.

2. The focus of this Brief reflects the focus of the concerns and work of the Department. As the Economic Council noted in its last report: "Poverty is not only the absence of physical things, but the lack of opportunity to share in social things". Social and cultural poverty will be examined, and it is the hope of the Department that this examination will assist the Committee in its difficult tasks.

3. The basic premise of this Brief is that poverty is a complex of conditions, of which the economic component is one of many. If the problem were only economic in nature, then the central thrust of the Committee could be to discover ways by which wealth could be found and distributed. The suggestion will be made that the interplay of a number of aspects of poverty is too complicated to comprehend and treat if only one aspect is singled out for attention. This should not be interpreted to mean that the Department is sensitive to or unappreciative of the great part that economics will and must play in the matter.

4. *The Nature and Forms of Poverty*

The purpose of this initial phase of the present examination is to demonstrate the need for general agreement on the concept of poverty and its parameters. We may learn from the experience of the United States, where policies based on various operational definitions but lacking a commonly held conceptual base have led to programs with disparate goals, diffusion of resources, acting at cross-purposes, with a high degree of failure.

5. If 'poverty' is defined as a certain income level per year below which 'minimum needs' cannot be met, then a guaranteed annual

income could be a solution. If poverty is viewed as a relative term which defines 'the poor' as those who perceive themselves to be less well off with respect to the rest of the population, then we are talking about the need for a more equitable redistribution of income. If we mean a minimum standard of consumption, poverty will not be defined by how much income a family receives but by how much it spends on the necessities of life. Perhaps by poverty we mean a psychological state of hopelessness and apathy which is not strictly associated with any particular income level. Or we may mean by poverty the type of culture which some suggest characterizes low-income areas, and if we do, can this culture be eliminated by merely providing those residents with more money?

6. 'Poverty' is the term used to include a range of conditions, problems, behavior patterns, which, in various combination in time and place, tend to prey upon and reinforce each other. Adoption of this concept of poverty will enable us to examine the nature and forms of poverty in a systematic and comprehensive manner.

7. Viewed as a range of what tend to be reinforcing disabilities—unemployment, inferior education, poor health, lack of motivation, unstable family life, discrimination, and so on—poverty becomes a set of conditions that renders its victims incapable of participation in our society. Those persons lack the efficacy to cope with the problems facing them.

8. Poverty as a set of conditions ought not to be construed as a "culture of poverty", one such set which applies universally to all persons and groups designated as falling within a general category. There are and will be differences in the combinations of 'things within sets', in time, in place, in intensity of each ingredient in the set, and so on.

9. There are, at the same time, certain kinds of patterns of behavior, social and individual, which appear in studies of poverty.

ty situations. Some of these are simply listed here to indicate the range: low self-discipline, low ability or willingness to postpone gratification, inability and apparent unwillingness to plan ahead or to keep long-range goals in mind, tendency towards 'fantasy' responses, avoidance behavior, apathy, withdrawal, aggressive behavior towards institutions and groups perceived or selected as the 'punishers', delinquency and criminality, choice of sports and physical prowess, fundamentalism in religion, high drop-out rates from schools and training programs, low health standards and high disease rates, lack of voluntary associational life, deterioration of social relationships, weak community sanctions, high proportion of broken homes, low esteem for education and school systems, low expectations and aspirations, personality disorder and malformation, strong sense of marginality, sense of helplessness, of dependency, of not belonging.

10. However long a 'list', it is not exhaustive. But from it, supported by many research studies, come pictures of communities demonstrating breakdown of the social structure. Individual and social disorganization is manifested in anxiety, failure, suspicion, and often hatred of one group for another. Taken as one unit of examination, the family becomes an unstable structure. The position of parents receives little support from the larger society in which the children learn the position of their parents on the socio-economic totem pole, and perceive how powerless they are with respect to that society and its institutions. Violence within the families represents an attempt to assert the definition of family roles made so difficult by the conditions of such an environment. The resulting profile is a blighted community with a pathology of crime and disease.

11. The patterns of behavior either chosen or available to people who find themselves in such situations are not those patterns which are approved by the 'dominant' culture of our society. But these patterns are regarded by the deprived as the only available alternatives. Again, however, these patterns ought not to be designated as 'the' culture, or sub-culture, of all those persons and groups whom we may regard as living 'in poverty'. While these patterns may offer clues as to the parameters of the concept of poverty itself, there is a lack of the homogeneous in and among those falling generally within those parameters. For some this set of conditions is but a 'way-station' and from which they have

the potential capabilities by which to escape. And there are those whom we have designated as 'residual', who do not possess at this time such capabilities, who suffer from despair and anomie, who see no alternatives.

12. Viewed as a mixture of many interacting conditions, poverty is clearly a state or situation in which persons are for the most part unable and incapable of using or contributing to their cultural life. Correspondingly the increase or decrease of these conditions in Canada can only be addressed meaningfully when indices are developed for the complex set of those conditions. In different times and in different places, among people with different group and personal histories, each condition may be both cause and effect in its relationship with other conditions. Clearly a matrix design is required for the development of research, decision-making, and action concerning the future treatment of poverty. Such a matrix must, further, recognize conditions and factors, within the poverty 'mix', of economic, physical, psychological, social, and cultural, and all in the context of time and space.

13. Current Programs

The Department does not wish at this time to make detailed comments on the anti-poverty programs and measures outlined in the Committee's guide. It does, however, hope that the observations contained in this section of its Brief will be of assistance to the Committee in its study.

14. While piecemeal measures may be needed to provide some form of immediate relief, more far-reaching and comprehensive approaches must be taken if the conditions of poverty are to be attacked effectively.

15. Knowledge gained from research and experience is considered to be too fragmented, non-cumulative or incremental, and too dispersed across various government departments and private agencies. We do not really know what we know or what knowledge is available concerning the conditions of poverty.

16. The Department is not aware of programs designed and implemented through cooperating departments, at operational or financial levels.

17. Suggestions

(1) The study of poverty as a human problem must be undertaken within a framework of human ecology. In such investigations, all

factors that can be conceived of as influential to the situation should be included, certainly at the initial stages. A 'total environment' approach should be adopted. Segmented, reductionist approaches and methods can lead only to waste of time, effort, and money.

Rigorous and systematic comprehensiveness is required in all phases of any attack on the problem of poverty, from initial analysis, development of a conceptual framework, general policy, organizational modes, program planning and implementation, evaluation, and modification through feedback and new research.

(2) For example, the initial examination of poverty ought not to ignore the social implications of technology—and should include considerations of medical technology, transportation technology (particularly the motor car in the exacerbation of urban chaos), and continental pollution of the ecology of regions by waste products of many technologies. Consider also the fundamental changes required of education to render it more appropriate to rapidly changing work and leisure environments. Investigations in the area of urban environments must be undertaken long in advance of actual reconstruction and reorganization of our cities. Disturbances and water shortages may be mild precursors of potential disasters in store for us.

(3) In order that we may have knowledge, research, and information available well enough in advance to be in positions to design policies and programs, we urgently require a "social DEW Line", a distant (in time) early warning social observatory. Otherwise, in the next two decades, the gap between problem recognition and the development of solutions (or approximate solutions) is going to become increasingly serious. Three technologies, already well-advanced, and all relevant to an examination of conditions of poverty, should now be under the telescopic eyes of such an observatory: biological technology, cybernation technology, and social engineering technology. The convergence of government agency planning and programs, of medical, social, and behavioral sciences, and of computer utilization is of critical importance now.

(4) Whether such an 'observatory' is created or no, the government is in obvious and immediate need of a distinctive institution to perform such services. Such institutions are not new in the private sector, and the government can establish an early and easy relation-

ship with these. In a modest way, the Citizenship Branch of the Department of the Secretary of State is exploring and utilizing such centres, but such knowledge must be available across all departments. A Social Research Centre, and its accompanying Information System function, could be a first step in the systematic investigation of this Committee. Certainly too, poverty represents the kind of urgent topic upon which the Centre could begin its operation.

(5) The key to successful achievement in enterprises to do with self-respecting citizens is a developmental approach. This is not a polemic for the times, but observation and experience in program and field operation of officers of this Department, amply supported by the experience of other agencies engaged in such work, bear out the validity of the statement. Participation and involvement of those presently living within the conditions of poverty must be nurtured, beginning at the present. 'Applied' programs and projects, in the sense that participation and involvement of the 'clients' has not been so developed, have failed and will continue to fail. This requires an investment of time and considerable energy and skill, but it is an investment which pays healthy dividends. Every small step along the way to realizing self-help among and by those in the poverty situation represents an incremental gain in the ultimate solution of the problem. This approach requires constant action 'on the ground', in the community under 'development.' Confidence and a sense of working together must form the basis upon which any successful program is built.

(6) At this point it may be premature to enlarge upon the organizational aspects, but the Department is very pleased to offer to the Committee on a continuing basis the consultative services of various members of the Citizenship Branch who have had considerable experience in this developmental work. Such experience includes organizations, groups, sectors and whole communities. We are pleased to inform the Committee that one of our Regional Officers in the Maritime area has already some thirty-five hours of video tapes under editing for the viewing of the Committee. These tapes will indicate the views of many persons living under poverty conditions in that region.

(7) It is the position of the Department that culture must be shared by all Canadians, and that ways must be open to all who wish to

participate in its development. This should extend to information about Canada and Canadians. We propose the idea of developing Information Drop-In Centres across Canada. Such Centres would be equipped with advanced telecommunication devices for the fast transmission of information on demand of any citizen. Links with libraries, research centres, and government departments at all level can be planned. But further, the Department is prepared to participate fully in planning programs designed to create a new environment in Canadian communities. More parks with more facilities for the pursuits of hobbies, crafts, sports, reading, and all forms of healthy recreation and the life of the mind are required as part of an over-all attack on conditions which are producing cultural as well as economic and political drop-outs in our society. Day-care Centres could well be included in such comprehensive parks, which would bring a sense of community to all those living in such an enriched environment. Mobile cultural centres are needed.

(8) The Department encourages the Committee to utilize the services of the media (Television, radio, film) within its area of responsibilities, in the Committee's search for solutions to the poverty problem. Informed discussion through these media will engage all those who must become engaged in such an endeavour. Cultural deprivation includes 'poverty of information', and the Department hopes that members of the Committee will seek advice and assistance from those skilled in communications.

18. *Some Concluding Comments*

The Department, with members of the Committee, cannot accept that social, cultural, and economic stratification Canada is a zero-sum game in which some group always has to be the total loser.

19. We realize that to engage in seeking solutions to such problem conditions it is necessary to intervene into processes which lay deeply embedded in the social structure of our society, and to intervene in life histories at points which traditionally have been left alone. Such intervention means the breaking into the vicious cycle whereby 'lower-class' families produce lower-class adults who in turn produce another generation. Such

intervention also means the examining of those social and economic processes which help to maintain lower-class family life and existence.

20. There appear to be two main points of entry into these processes—the individual, and the organizational. Quite probably the two must be taken together, for the motivations and aspirations of individuals are directly related to the institutional structure to which they respond. Further, and in keeping with the earlier observations of this Brief, any change affected in one part of the social structure will have repercussions for other parts.

21. While we advocate a holistic and systematic analysis, it is understood that we urge that programs considered and implemented at the national level must take into account internal differences and regional variations, and must recognize the importance of early involvement of those people likely to adopt and be affected by such programs.

22. It is the opinion here that ameliorative programs such as the Higher Horizons Project in New York City are among the more promising type of programs to consider. Perhaps the historical connotations of 'orphans' may be too fresh in the minds of many Canadians, but proposals for truly new kinds of residential schools for pre-school children, neighborhood centres which could provide for eight to ten hours a day a cultural environment likely to open new vistas for children could be solicited. Along similar lines, arrangements might be made with education authorities to concentrate on extended school days for compensatory schooling with special tutoring.

23. Concerning intervention at the societal level, the existence of a deprived 'lower class' in our society is an anachronism in our present historical period where no special function in the overall division of labor is to be played by a large pool of unskilled and poorly socialized members of the society. It is impossible to consider excluding the basic reason for government—a weighing of social gain and social loss—in proposing and devising solutions to poverty, this problem of human concern to all Canadians.



First Session—Twenty-eighth Parliament

1968-69

THE SENATE OF CANADA

PROCEEDINGS

OF THE

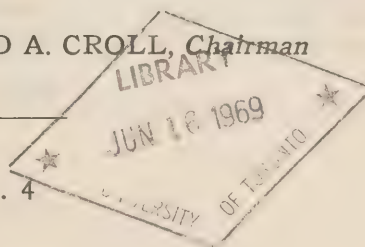
SPECIAL SENATE COMMITTEE

ON

POVERTY

The Honourable DAVID A. CROLL, *Chairman*

No. 4



THURSDAY, MAY 8, 1969

WITNESSES:

Representing the Company of Young Canadians: Mr. Claude Vidal, Executive Director; Mr. Ian Hamilton, Director of Information; and Mr. Charles Long, Ottawa Program Staff.

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman.*

The Honourable Senators:

Bélisle	Hastings
Carter	Inman
Cook	Lefrançois
Croll	McGrand
Eudes	Nichol
Everett	O'Leary (<i>Antigonish-Guysborough</i>)
Fergusson	Pearson
Fournier (<i>Madawaska-Restigouche,</i> <i>Deputy Chairman</i>)	Quart
	Roebuck
	Sparrow

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-*

Restigouche), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

ROBERT FORTIER,

Clerk of the Senate.

MINUTES OF PROCEEDINGS

THURSDAY, May 8, 1969.

Pursuant to adjournment and notice, the Special Senate Committee on Poverty met at 9.30 a.m. this day.

Present: The Honourable Senators: Croll (*Chairman*), Cook, Eudes, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Lefrançois, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck, Sparrow. (12).

In attendance: Mr. Frederick J. Joyce, Director of Research, Staff of the Committee.

An "Introductory Report", prepared by the *Company of Young Canadians*, was submitted; and it was ordered to be printed as Appendix "D" to this day's proceedings.

The following witnesses, representing the *Company of Young Canadians*, were heard:

Mr. Claude Vidal, Executive Director.

Mr. Ian Hamilton, Director of Information.

Mr. Charles Long, Ottawa Program Staff.

(Biographical information respecting these witnesses follows these Minutes.)

At 12.05 p.m. the Committee adjourned until 9.30 a.m. Tuesday, May 13, 1969.

ATTEST:

E. W. Innes,
Acting Clerk of the Committee.

BIOGRAPHICAL INFORMATION

Representing the Company of Young Canadians:

Claude Vidal: Executive Director of the Company. A linguist, Mr. Vidal has his B.A. and M.A. from the University of Montreal. He worked for many years in the Montreal education system before becoming Director of Écoles des Beaux-Arts.

Ian Hamilton: Director of Information. Mr. Hamilton worked as a newspaper reporter in Regina, and Calgary before joining the Company in Toronto. He later moved to Ottawa. He has been with the Company for 18 months.

Charles Long: Ottawa program staff. Studied management at Case Institute in Cleveland, and completed his work at University of Queensland in Economics and Politics. Mr. Long directed an OEO neighbourhood center program in Appalachia before joining the Company last year.

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Thursday, May 8, 1969

Senator Roebuck: A long way away.

The Special Senate Committee on Poverty met this day at 9.30 a.m.

Senator David A. Croll (Chairman) in the Chair.

—
The Chairman: We have a quorum. The people appearing before us are from the Company of Young Canadians. First, with your permission, I will put the brief on the record. (*See Appendix "D" to these Proceedings*)

Senator Hastings: Agreed.

The Chairman: Sitting on my right is Mr. Claude Vidal, Executive Director of the Company, B.A. and M.A. from the University of Montreal. He has worked for many years in the education system in Quebec.

Then Mr. Ian Hamilton, the director of information, who was a newspaper man before he joined the Company, and has been with them for eighteen months.

Then Mr. Charles Long, who studied management at the Case Institute in Cleveland and completed his work at the University of Queensland in economics and politics. He has had experience with the Appalachia enterprise before joining the Company.

Mr. Vidal will open, give you some background and say something about the brief. Then we will turn to Mr. Hamilton and Mr. Long. Go ahead Mr. Vidal.

Senator Fergusson: Is Mrs. Husband going to be with us?

Mr. Vidal: She cannot make it.

Mr. Hamilton: The air strike.

Senator Fergusson: I noticed she was listed among them.

Senator Roebuck: Where is Mr. Daniels?

Mr. Hamilton: The same reason, he is in Yellowknife.

The Chairman: They both helped draw the brief, but I did not know who was coming.

Mr. Claude Vidal, Executive Director of the Company of Young Canadians: Mr. Chairman, I would like first to make my opening remarks in French because it is more familiar to me and then come back to English.

[Translation]

As you will note from our title, this first brief is a preliminary brief. It was prepared at the request of the secretariat of your committee—the permanent secretariat of your committee—to give you a rapid and general idea of the position of the Company of Young Canadians in the face of the major problems that are set forth here. It is for this reason that we hastily, in the space of less than a month, set up a committee that would represent the various interests, the various values, of our Company. This is why we have a committee composed of persons from the east, north and west of this country.

The purpose of this preliminary work, which I have just mentioned, is to extend our field of activity, to initiate a more detailed work which will last for a part of the year. We hope this preliminary work will interest you so much that you will invite us again in the fall. Each phase will then be developed, detailed, placed in context, set on a firm basis, all of which requires research over a longer period of time. This is the second point.

The first point: present a preliminary work. The second point: develop this preliminary work. And thirdly, again with the people of your secretariat, we set up an information network because, as you are aware, the Company has 38 projects extending from the extreme east, in Cape Breton Island, to the extreme west, in Alert Bay, British Columbia. These projects must be concerned with dealing with the problems of poverty in actual situations. This is the major objective of our work.

The Company of Young Canadians has been in existence since 1966 and continues the work as prescribed in the Act which created it. It includes 190 volunteers involved in 38 projects and operates in various municipalities across Canada. It is concerned primarily with the underprivileged. For this reason, Mr. Chairman, we wish to thank you and your secretariat for having invited us.

[English]

The Chairman: Just let me say that we made a change to this room because there were no facilities in the other room. There are facilities here, except there is no interpreter. There is nothing I could do about it at this time.

Mr. Vidal: I would like to thank you, Mr. Chairman, for inviting the Company of Young Canadians to submit this introductory report. The word "introductory" is important here, because it was after the invitation from the people of your permanent secretariat that we have submitted this introductory report.

We met, I think it was, last month, and the original plan was first to give you our visions or our reactions to poverty. The second part of it was that this first introduction was only to stimulate your interest in the problem, so that you could re-invite us next September, when we would circumstantiate and contextualize the present ideas we have here with more elaborate work.

The third part of our agreement to come here was that the Company being built on projects and being project-oriented, has projects throughout Canada from Cape Breton to Alert Bay in B.C.; and that we could get information on a very localized and singularized basis to help you to get a better picture of what poverty is from what we represent as young people working to initiate and to create a social change in Canada.

This brief then was prepared, to give you an idea of its representative character, by people in our own Ottawa office. The committee was chaired by Mr. Ian Hamilton of the information department, and he was helped as secretary by Mr. Charles Long. Also helping them were Mrs. Elaine Husband, who was with the field staff in Calgary and, also at our meetings, Stan Daniels who is a native of Canada and was a volunteer with us; together with Mr. Jim Littleton from our office.

People were also invited and went through this brief also from Montreal: Mr. Ed Smith from our ACEF in Montreal; and Mr. Jean Le

Roy from our project also in downtown Montreal.

The Company has been working since 1966 and is attaining the objectives as defined in the Act which created it. We now have approximately 190 volunteers working, as I said, from east to west and working especially with non-privileged groups, grouped in 38 projects. These projects go from poverty, housing problems, as you will see in our brief, to economic and family education; they go from school problems to a certain extent, to re-organizing workers. We have listed all these here in our brief, and if you would have any questions I would be glad if you would address them to those who have actually prepared this brief, Mr. Hamilton and Mr. Long.

The Chairman: Mr. Hamilton, have you something to say in a preliminary way?

Mr. Hamilton: I will let Charles.

The Chairman: All right, Mr. Long.

Mr. Long: I think we should say, to begin with, that we do not really purport to speak for the poor. In fact this is the crux of our entire message, that it is time for the poor to begin to speak for themselves, and they are beginning to do this. The only legitimacy that we bring to the Committee is not as spokesmen for the poor, but from the fact that we have worked with the poor and we have learned certain things about poverty.

We see poverty as being not only economic but in many ways social and cultural. Our brief goes into a little bit of detail there and, as Mr. Vidal mentioned, we would be delighted to expand upon any one of these theses at a later date.

We talked at length in the brief about the philosophy of poverty. One of the things that we have seen across Canada is that people have come to be conditioned to failure. When a man fails in school, fails in a job, or fails in his marriage, he comes to expect failure; and when people offer him a solution to his problems, it is often not seen as a solution but as another opportunity to fail, and it is more painful to take the risk of failing again than it is to have the chance of improving his lot.

In this kind of context, we can see several differences between poverty as we see it in the 1960's in Canada, and the poverty that many of you saw so closely in the 1930's during the depression years.

During the depression years, poverty affected so many people that it was seen and understood as a failure of the system and not as the failure of the men involved as individuals. Today our society has convinced the poor that their problems are their failures as men, and the system in which they live is a successful one but they are the deviants from that system. So with this self-blame, if you like, it is quite a different condition from what it was thirty years ago.

The other major distinction we have drawn between the poverty of the 1960s and the poverty of the 1930s, is that poverty must be seen as a relative condition. A poor man in a poor society may be just as hungry as a poor man in a rich society, but the way they see themselves in their own eyes is somewhat different. The man who has around him affluence suffers a poverty of the personality and a poverty of the spirit, something largely unknown to those who suffered poverty during the depression. People during the depression took as their view of society that which around them they could see, the neighbourhood, their city; but the poor today take as their image of what society is supposed to be that which they see on their television screen—a life of affluence, and through this condition of relativity see themselves as being that much more poor, and through this same television set are convinced that the system works because it has worked for these people and “I must be the deviant. There is something wrong with me”. These are the kinds of differences, what we call the philosophy of poverty, that we have tried to expand on in the brief.

We have raised some questions about the way our society and our government has attempted to deal with poverty in the past, and we challenge the way we have dealt with poverty in the past; because we have specialised our programmes, divided man's problems into neat little boxes and tried to deal with them individually, rather than deal with them as men as a whole. We have led them into a state of dependency, where a man has been invited to avoid his responsibility, his pride and his initiative in being able to function as a man. This condition of dependency has largely functioned to keep the poor in some below-subsistence level of existence.

Our final criticism, if you like, of the way we have dealt with it in the past, is the emphasis placed upon the agency or the emphasis placed upon the functionary rather

than upon the client. We use Mr. Moynihan's very apt quotation, that much of what has been done is like feeding the horse to feed the sparrows.

Unless these gentlemen have something else to add, I would like to throw it open to questions from this point.

The Chairman: Anything else?

Mr. Hamilton: No, that is fine.

The Chairman: Do you want to start?

Senator Hastings: Yes, Mr. Chairman. I speak for all members of the Committee in thanking the Company of Young Canadians for their very interesting and provocative brief.

There are two or three areas, of course, which I would like you to enlarge upon but may I say—and I think I speak for every member of the Committee—that we do not regard this simply as another study, as you indicated. Senate committees, through their work in the past, have got results, and I think we are determined to get results from this Committee.

I, for one, accept your challenge to become involved and share the living of the poor, in an attempt to become better acquainted, and I intend to do that in the future in the Province of Alberta.

I would like you to enlarge upon your statements, if you would, on page 7, with respect to rehabilitative programmes which you have criticized saying:

How many hairdressers, barbers and heavy equipment operators does this country need?

We are spending \$750,000 this year on manpower research; we are spending \$2 million retraining people. Then there are other forms of retraining we are doing through the Rehabilitation Act. Is this doomed to failure? What do you regard as menial jobs: hairdressers, barbers, heavy equipment operators? I do not share that view with you, and I would like you to explain to me what you mean by a menial job; and is this retraining programme doomed to failure, as you say they have been?

Mr. Hamilton: By “menial”, Senator Hastings, we mean in comparison with the rest of society: that when you take a man who does not have a job and you take a man who is poor, there is never any consideration given

to educating the man's mind, there is never any consideration given that this man could be a teacher, a sociologist; but automatically, because of his economic condition or because of his cultural condition, the only thing he is judged fit to be trained for is barber, hairdresser or heavy equipment operator. There is never any consideration given to training that man's mind, because he is regarded automatically as being rather dull because of his economic and cultural condition.

This is what we object to. Our objections come from personal experience with these programmes. I personally know of two programmes for heavy equipment operators, for example. One was in Northern Manitoba, where the government had a six weeks course for heavy equipment operators, and they took people and put them in the course. Meanwhile the firm who needed heavy equipment operators, went out on its own and got operators, and they were operating the tractors within a week. This shows that just was not a six weeks course, but they were taking these people and putting them in there. I do not know why they would do that.

In Saskatchewan I know of a course where they had a great many native people, some of whom stood in the top ten, but none of them got jobs. The programme did absolutely nothing for them. They just could not get jobs.

There is something beyond that. There seems to be a feeling amongst a great many agencies and governments and amongst people generally, that people have to work. One of the important things that we see is that we are coming into a technological age where man the producer is going to have to become man the consumer, and that there just will not be that many jobs. Perhaps now is the time to start looking at areas where we can channel people to be creative, to help society in another way than by working. This is something we would like the Committee to consider.

The Chairman: Elaborate while you are at it for a moment. This interests us, because we came from the work school. This sudden change surprises us. We think we missed something. Take a few moments and elaborate on it, if you will, or would you like to do so later? It is up to you.

Mr. Hamilton: I will let Mr. Long.

The Chairman: Go ahead, Mr. Long.

Mr. Long: I think our society has seen work as something that is virtuous; producing as something that must be done. Whether this stems from the Calvinist ethic or Adam Smith is debatable, but I think our young people of today in particular are beginning to recognise that, with the level of technology we have reached, many of our jobs today have been created simply to keep people working. Our labour unions have been fighting for years to keep technology down, to keep enough jobs for themselves; but we could use this technology to produce those goods we need, without using all of the men that are now used to produce it, and these men could be freed from what has been accepted as the so-called virtue of work, à la Calvin and Adam Smith.

What we would like the Committee to consider is: why we should accept as our solution to poverty that everyone have a job? If you accept our system as it is, everyone cannot have a job. If we had full employment, ladies and gentlemen, I am afraid our free enterprise system would suffer such a spiralling inflation that the system would be threatened from within. Free enterprise must have a certain amount of unemployment to function smoothly. So why cannot we accept that, that unemployment is a part of the system; that unemployment in many cases has created poverty? So if we could accept unemployment as something that is with us—and not only something that is with us but something that maybe we should even be striving for...

Senator Cook: What would happen then?

Mr. Long: What would happen to the people that are unemployed, or what would happen to the system or...

Senator Cook: What would happen to the people who were unemployed to start with, that does not happen now?

Mr. Long: We have suggested the concept of a guaranteed income.

Senator Pearson: If you give these young people, or anybody who is out of work, give them a job, is there anything to stop them from training their own mind after that, that is, going ahead and taking further courses while they are employed? Their employment gives them a chance to lift themselves up and get a living.

Mr. Long: So does the guaranteed annual income.

Senator Pearson: There is nothing to prevent them going and studying in their spare time.

Mr. Hamilton: One of the basic concepts I have always seen of democratic society and of Canada especially, is equal opportunity. There is not equal educational opportunity.

Senator Pearson: No, quite so.

Mr. Hamilton: So why should we say to the poor: "Listen, you certainly have not an equal opportunity, but now we expect you to get it for yourselves. We have given it to those who have, but you who have not get it yourselves. We are not interested in helping you."

The Chairman: But, Mr. Hamilton, the tradition and the history of this country—and it is not a bad one either, has been that in the main those people who have not had that equal opportunity that you speak of—with which I agree—have always augmented in many ways their education on their own. There have been far more cases of that on the positive than on the negative side, and it has been a good thing for the country and for the people. Why do you negate that?

Mr. Hamilton: I am not negating it. I am saying more power to those who can do it, but should we make them do it? Should they have to do it? Should we not be there giving them help before it comes to that point?

Senator Roebuck: Mr. Chairman, I protest against this approach to the problem entirely. The idea of blaming the poor for their poverty and setting aside all conditions that make them poor, is to me a false philosophy—a very comfortable one for we who are not in it, but absolutely wrong, inefficient and frustrating. If we, as a Committee, accept a philosophy of this kind, we are a failure from the start. To say that people are inefficient and, therefore, poor is to shut your eyes to the facts. The two things are bound together: unemployment, tight conditions of labour and the inefficiency of people who are on the outside are all bound up in one system, and one thing correlates with the other. Of course, if a person is inefficient and uneducated and has all the marks of a poor person, he is going to fail in the intense competition which our system now presents to us; he is going to be at the bottom, on the last rung of the ladder; but to say that it is all his own fault that he is down there is just closing your eyes to the facts.

Mr. Long: Senator, if I may say so, this was not our point at all.

Senator Roebuck: That is what it amounts to.

The Chairman: What was your point?

Mr. Long: We were saying this is the way the poor have been led to see themselves, as the deviant. We do not accept this.

The Chairman: We understood the point.

Mr. Long: We agree with you entirely, Senator, and our point was that this is part of the philosophy of the poor, the psychology of poverty. This is why people are sometimes hesitant to try again; this is why people are hesitant to take that step of going back to school—because society, whether it is through the communications media or not, has convinced them that: "If you are not working, there is something wrong with you", and the poor in many cases (not all) have come to accept this and to say: "Well, it must be true." We reject the idea entirely. We do not see the poor as deviants.

Senator Roebuck: But you actually wanted an army of unemployed so as to keep the present system running.

Mr. Hamilton: No sir.

Senator Roebuck: Well, that is what you said.

Mr. Hamilton: What we are saying is that we are coming to the point in history where technology is becoming so efficient that we are keeping jobs that we do not need to keep; that man the producer has to become man the consumer, and it is a change we will have to make eventually, so why not start working towards that change now by experimenting towards that change? Surely, those who cannot find jobs, we can use them in some creative way, in some way where they are useful to society, without working as we regard work.

Senator Roebuck: That is to say what you want is to find more jobs.

Mr. Hamilton: No, we want to free people.

The Chairman: For leisure, that is the term.

Mr. Long: Leisure or . . .

The Chairman: Let me just explain. In the new theory, when we talk about the guaran-

teed income, with which you are familiar, with it, of course, comes the theory of cybernation, the inability to provide jobs for all the people who need jobs; consequently there will be a large number who will have leisure. Then our business is to see they use the leisure hours productively in their own way, culturally or otherwise; that is the theory.

Mr. Long: That is correct.

Senator Roebuck: So you accept the idea of the idle poor along with the idle rich.

The Chairman: What they want is for the idle poor to enjoy idleness as the idle rich do. Now, that is not unfair.

Mr. Hamilton: Correct.

The Chairman: Senator Sparrow.

Senator Sparrow: I would like a little greater background for the Company of Young Canadians really, what their job is, what they are trying to accomplish and the areas in which they are working. They appear to have very definite ideas on poverty, on technology, and what really should happen to these people for the future.

I wonder if they are gaining this experience and knowledge from actual experience in the field, or if they are taking it out of theory, reading and this type of thing. The areas that we have to get into are the actual working areas.

The Chairman: Realism.

Senator Sparrow: The realism, and I am wondering if the Company of Young Canadians as represented here are in fact bringing up this information and their ideas from the field itself.

Mr. Hamilton: The three recommendations we make all come from field experience. The Company has been in existence since 1965; it has been in the field since 1966. We have a very simple creed, and that is: "People must participate in the making of decisions that affect them."

Senator Pearson: How long have you been dealing with poverty?

Mr. Hamilton: Ever since our inception. We work, as Mr. Vidal said, right across the country. I can give you some specific examples of areas, if you are interested. Montreal...

The Chairman: They are interested in areas because they cover Canada. Touch on them.

Mr. Hamilton: Cape Breton with coal miners who are unemployed, with young people who want to leave Cape Breton to come to areas like Toronto because they think they can find work there.

We work in Montreal with labour groups, with adult education, with family budgeting, with urban renewal in the low-income area. In Ottawa we work with the Civil Rights Association, in another citizen housing group. We have helped operate a free school, the Everdale Free School just outside of Toronto, but our commitment there ends in September. In Toronto we are working in the Italian community and with youth.

In north west Ontario it is with native people, Indian and Metis. In north west Saskatchewan it is with Indian and Metis; in Calgary in a low-income area, urban renewal. Now they are going beyond that, to the citizen groups wanting to have a definite say in the policy of the city government. Northern Alberta, Indian and Metis.

Senator Hastings: Where in Northern Alberta?

Mr. Hamilton: Lesser Slave Lake, Faust and that area. Great Slave Lake, in the North West Territories we are working with Eskimos and Indians; in British Columbia we work with youth in Penticton; with native people in northern British Columbia, Alert Bay. In Vancouver we have worked with public housing and all the problems that come out of that. In the particular area we were in, 80 per cent of the occupants of the public housing were single-parent families, nearly always the mother. We also worked with youth and an urban renewal project.

Senator Hastings: How many do you have in Alberta, how many men working?

Mr. Hamilton: In Alberta we have twelve volunteers.

Senator Fergusson: Are there any others in the Atlantic Provinces?

Mr. Hamilton: No.

Senator Fergusson: Other than Cape Breton?

Mr. Hamilton: No, but in our proposed growth we are planning to move into north eastern New Brunswick.

The way we work is different from government or agencies, in that when we go into a community we spend a great deal of time just talking to people, getting to meet people, enquiring about the problems of the community. Then once the problems are identified, it is then a matter of helping the people organize to meet their own problems and come up with their own alternatives. We do not go into a situation and say: "This is your problem and this is how you are going to solve it". We go in and say: "What is your problem?", and when the problem is identified we say: "How do you think you can go about solving the problem?" We have had successes, and we have had failures.

Senator Cook: Can you tell us about some of your successes?

Mr. Hamilton: What we consider successes some people would not consider successes.

Calgary is an example first. We put one volunteer into Victoria Park in Calgary, which is an eight by ten block area, multi-racial, low-income area, by western standards—certainly not by eastern standards.

The Calgary stampede board needed extra land for the stampede and applied for expropriation rights. The rights were approved by the City Council. The people then became quite upset. In a low-income area houses are their life savings; this is what they have got for forty years of work. There are a great many old people in there. They decided they were not going to stand by and let themselves be expropriated. So our volunteer helped them organize and they began to fight through briefs to City Council, through representations to politicians, and trying everything they could to stop expropriation. They finally did stop it in a reasonably sophisticated, political way; which is interesting, because this is a low-income area and these are poor people, and yet they proved they could organize and they proved they had enough intelligence and enough sophistication to beat the Calgary stampede board, which is a very impressive board of men.

Senator Pearson: What sort of reception do you get when you first go into a community as an individual?

Mr. Hamilton: It depends on the individual volunteer. Some volunteers will go in and immediately make a favourable impression. When we talk about a community, there are always sides; there are two sides to every-

thing. If you went to Calgary and talked to the Mayor of Calgary, he hates us; he has not one nice word to say for us, he has not one nice word to say about the people in Victoria Park. However, if you went to talk to the people in Victoria Park, they like us.

Senator Hastings: Mr. Bernie...

Mr. Hamilton: Bernie Muzeen.

Senator Hastings: He did other work; he was with the youth.

Mr. Hamilton: He worked with youth as well, yes.

Senator Hastings: Very commendable work.

Mr. Hamilton: Yes, he did. We have volunteers who have gone into communities and who start telling people what to do, and the reaction is always negative and we always end up losing that volunteer. You can either take him out or the community dismisses him.

On the other hand, on the positive side, we have volunteers who go in and take their time, just simply go and knock on doors, and meet people and talk to people and gradually gain entry into the community and become part of the community. This is the positive side.

Mr. Vidal: Could I add another type of success we had in Montreal with ACEF, which is a group created out of the labour unions, the workers' associations like G. of C., G. of C.F. and so on. Here we try to help people who are caught in financial problems; help them to read a contract and to know what a contract means. You know that people from low-income groups are usually to a certain extent possible bait for not going through all of it. Here just recently we have brought this to the attention of the Department of Education in the Province of Quebec, and the law for professional education will be changed. This would deal with the travelling educational salesman who says: "I will teach you English in two weeks" under a contract. This is a major success, working with citizens who are signing contracts, getting an explanation with the volunteer who is trained to do this, because in ACEF they get an education. Then the whole province has changed the rule of law, and it will have an effect on more than just one group.

Senator Cook: Mr. Chairman, I think they are two worthy successes, and I congratulate the Company.

Mr. Vidal: I have others. The one you spoke about in Cape Breton, where we have a drop-in centre for youth. Young students in Cape Breton, who are not too sure of their future in Cape Breton after coming out of high school, where do they want to go? They want to go to either Montreal, Toronto, Winnipeg and Calgary. They prepare to leave, but to leave for what? So there we have a volunteer who has a store front and who receives these young people. We communicate back to him all the job opportunities in all the major cities, and he tries to prepare them.

The Chairman: Would they not get that through the Manpower organization?

Mr. Vidal: Can he get this through the Manpower organization? When you are sixteen and seventeen, you usually go to see someone who is nineteen or twenty. The way it is done, you can drop in after school, or before school, and the way of communicating is . .

The Chairman: More personalised.

Mr. Vidal: Well, it is more personalized, but I would say also there is a sort of communication link, because the volunteer is someone from a major city also, who has lived in and sometimes goes back to the major city and tries to find out what happens to his clients who reach Toronto and do not know where to go and are in what you call the "bread line".

Senator Cook: I am not wishing to be critical; I think these are awfully good things; but they are all sort of negative in stopping further exploitation. You make a general suggestion and I say, "Good", because in the case of the land being expropriated they stopped it. What was the second one?

Mr. Vidal: ACEF, educating people.

Senator Cook: Exploitation in the contracts, but you make a general recommendation about a guaranteed income, which is very wide. Have you any other suggestions, from your experience, in a constructive way?

Mr. Long: For the Committee or for the nation?

Senator Cook: Well, for the Committee to pass on to the nation.

Mr. Long: Well, with very serious that we do not speak for the poor; we believe the poor should speak for themselves. Our

recommendation for the Committee was that you go individually and not under the protection of being a senator, into the poor communities, with all the help we can offer you in the way of contacts, assistance at first hand.

Senator Fergusson: You mean to go and stay there any length of time or just pay a visit?

Mr. Long: Three days, four days, a week.

Mr. Hamilton: One day.

Mr. Long: At your convenience.

Senator O'Leary (Antigonish-Guysborough): What about those who have lived under these conditions and know them all our lives? How much time do we require? I speak as one.

Mr. Long: Walk into a manpower office, tell them you have a grade 8 education and are fifty years old, you have a bad back and you want a job.

Senator O'Leary (Antigonish-Guysborough): Those are the people I have worked with all my life and have experienced it myself.

The Chairman: Mr. Long, you are talking about that man with a grade 8 education, fifty years old and a bad back, who wants a job. We perhaps do not see him too often, but we hear about it. The Company of Young Canadians have experienced these things and have seen them with their own eyes so that they suggest what the senators should do. Tell us what you have from your own experience. We have an idea of what we have to do, but give us the benefit of your knowledge and of your experience. Just lay it on the line to us.

Mr. Long: Our two recommendations were: (1) a guaranteed annual income to deal with what we call economic poverty; and (2) direct grants to community groups, grass-roots community organizations, to plan and implement their own development around their own objectives.

The Chairman: All right. The next point is that you know very well they have tried community group organizations in the United States for some time.

Mr. Long: Well, with very serious exceptions.

The Chairman: You mean with very serious failures, is that what you mean?

Mr. Long: Right.

The Chairman: Yes, of course, that is exactly the point I am getting at. This Committee is not unaware of what goes on in the world, you understand. Senator O'Leary has just told you he has experienced poverty from years back and made his way up. We have all been poor around here, and probably enjoyed our poorness more than some of the people, but it is that sort of thing. When you start out with a recommendation for a guaranteed annual income, the Chairman is with you, but the Chairman knows and they know that we know so little about it at the present time as to how it might possibly work, and we have got to do a great deal more research and study on it. That we know. Do you agree with that?

Mr. Long: Yes, sir.

The Chairman: So the Committee has got Professor James Cutt—does the name mean anything to you?

Mr. Long: Yes, sir.

The Chairman: He is the best possible man we could get in Canada to deal with the guaranteed annual income. We are sending him to Washington, sending him over to Wisconsin, to New Jersey for this summer to make a study of the guaranteed annual income and then explain it to the Committee. Do you think that is making progress?

Mr. Long: Yes, sir.

The Chairman: That is all we can do. So when you speak of the guaranteed annual income in a broad sense, you are not backing it up in any way, because it is not possible for you at the moment.

Then when you speak of giving money to the poor in communities to provide for themselves and to use their own initiative on the basis that the poor know more about poorness than the rest of us do—and there is a lot of truth in that—we have to take a look and see what has happened under similar circumstances in other places.

Mr. Long: Yes, sir.

The Chairman: We have looked at that in the United States, and what we find there is many more failures than successes. You agree with that?

Mr. Long: Yes, sir, and that is precisely why we included in our recommendation that more care be taken that this money be given to grass-roots community organizations and not to those who are the self-appointed leaders of the poor.

Senator Hastings: Mr. Long, you say there are community grass-roots organizations now.

Mr. Long: Yes, sir.

Senator Hastings: Where and who are they?

Mr. Long: ATAK in Kingston; the NOW organization in Calgary; the Black United Front in Halifax; the Armstrong Indian Association; student groups all over the country.

Senator Hastings: Let us get back to Kingston. Can you tell me what they do?

Mr. Hamilton: They have a very serious housing situation in Kingston, where they have gone beyond the point of just poor housing; they are at the point of no housing. For example, one family came to Kingston this year and was moved into a bath house. It has reached that point. A great deal of the housing that is there is totally inadequate, and rents are outrageous. For almost slum condition housing, for a tiny place with one or two rooms, you are paying \$75 a month.

So one of our volunteers, Miss Joan Newman, started to organize on several fronts people who were concerned about housing. She eventually resigned from the Company, but continued this organizing and we had another volunteer who was then taking part in it. ATAK is really a community group, and what they did was to organize and to start making housing an issue. The Mayor of Kingston could not turn around without them being there and saying, "What about housing today, Mr. Mayor?" During the federal election, all of the candidates in that area had to speak about housing; there was no way they could avoid housing. They kept forcing housing. The Kingston Whig Standard rarely runs an issue now without something on housing, which is a complete switch from a year ago.

Then they ran people in the civic elections, and Miss Newman was elected to an aldermanic position. They have placed people on the housing committee of the city. This is a very competent, grass-roots organization.

Senator O'Leary (Antigonish-Guysborough): It is showing some results now, is it?

Senator Cook: Any new houses?

Mr. Hamilton: No, they realize it is going to take time, but what they have done, of course, is to make people aware the problem exists, whereas people were not aware of it before. That is the first step.

Senator Roebuck: I like what you are telling us now, because it seems to be so contrary to Mr. Long's approach to it. You are not blaming these people for living in squalor such as that because of some inefficiency on their part.

Mr. Hamilton: No, of course not.

Senator Roebuck: There are conditons, in other words, that we have to take, besides the inefficiency, lack of education, and various other things, of the individuals who are poor, but that is one of the things.

I want to say, so that I am not misunderstood here, that I approve of what you people are doing in trying to raise the moral, educational and physical standards of the people with whom you are working. That is a fine piece of work, it is good work. I am in favour of this guaranteed annual income, if we can manage it. I see some difficulties in accomplishing it, but I think it would be a fine thing under the present junkhanded situation in which we are living where people are depressed and in many cases—not all of them—without any fault on their own part. It would be a grand thing, if we have to accept conditions as they are now, to have a guaranteed annual income. However, I am not going to sit silent when you blame the poor for their poverty.

Mr. Long: I think we are still not understanding one another, Senator.

Senator Roebuck: I hope that is right.

The Chairman: Go ahead. You gave us one example.

Senator Hastings: Could we just stay with ATAK? How would you propose we could assist them?

Mr. Hamilton: ATAK has certain ideas of how the housing problem can be solved. It needs money, quite frankly, to organize further, it needs money to stabilise itself; it needs money so that it can start drawing up its plans, drawing up its programmes, and eventually implementing the programmes if they are feasible.

What we suggest is that money should be provided to these grass roots organizations for the programming work, for the studying, for the drawing up of plans, for setting their own objectives and their own time table, instead of imposing. Once this is done and once their plan is drawn up, you can then bring in another community group from a similar situation, to look over their programme and make sure it is feasible.

We want to keep government and agencies out of it as much as possible. We want them to be giving over the money and not much else; because inevitably, if government is at the clearance level, government wants what it wants. It is not going to say to the people: "That is a fine idea. We disagree with you entirely, but here is the money anyway."

We would like a mechanism where other community groups can move in. It is an education process as well for the other community groups, seeing how other people live as well, so there are two beneficial results. Bring these people in and let them study the proposals, and if the proposal is feasible they give approval and the government hands them the money.

Mr. Long: If I may answer a point that Senator Croll raised on the failures of direct grants to community programmes, in the United States, having had some experience with those programmes myself, in my judgment one of the reasons for their failure has been that when these grants were given to what they call the CAP agencies (community action programme agencies) and the CAP agency at the local level, the so-called community organization, was led by a board of directors which, as stipulated in the Act, consisted of one-third of their members being politicians, one-third of their members being representatives of agencies, and one-third of their members the poor. So in effect any activity which these programmes wished to undertake, which might alienate the politicians, were stopped; any activity which they wished to undertake which might alienate or challenge an agency was stopped. The result was ineffectiveness in most cases.

The Chairman: What do you suggest?

Mr. Long: This is precisely why in our report we have that they be given to the grass roots community organizations without interference of the self-appointed leaders of the poor.

That means, of course, an examination of these community organizations for representativeness. If we are really going to make a democratic institution, we must examine the group that is applying for funds and say: "Does it or does it not represent the poor?" and this examination should be done by other poor from other areas who are organized for the same purpose.

Senator Quart: Mr. Chairman, may I ask a question. I thoroughly agree with your idea about the community organizations on that level, and government agencies and the rest of it keep out of it; but I am very curious to know how you plan it or what priority you give to the various areas.

Do you have to be invited by a community to come in and work with them, or by a province; or do you plan that yourselves, having looked across the Canadian scene as to the necessity? How do you manage it?

I know and you know that we have read in the newspapers, which may be exaggerated, that you have been criticized in many places; but your presentation this morning has given me renewed confidence in your group, although I did speak of you in the Senate when you were set up as being, I thought, a very great opportunity for Canada. Then I cooled off a bit after reading some of the newspaper reports about some of your workers taking part in protest marches and the rest of it. You were certainly for a while getting a very unfavourable press.

Do you have to be invited by a community to go in first before you go in, or by a province, or what?

Mr. Hamilton: Yes, we have to be invited in by the community. The provinces have no jurisdiction over us, because we are a federal Crown corporation. When we are invited in by a committee, we go in and do a pretty thorough evaluation of the situation. "Why do you need us?"

Senator Roebuck: When you speak of the community, do you mean the mayor, the council?

Mr. Hamilton: No, usually not.

Senator Roebuck: Who gives the invitation?

Mr. Long: It could be the mayor, it could come from the priest, it could come through a community organization like ATAK, it could come through anything.

Mr. Hamilton: Union.

The Chairman: Mr. Hamilton, does it ever come from the mayor, because what you have said this morning is that you are creating a fairly active group of disturbers for any mayor.

Mr. Hamilton: The mayor or Halifax is an enlightened man and has spoken very favourably about us, and said he would like us to come in any time and we are welcome any time.

Senator Hastings: How does the Premier of Saskatchewan feel?

Mr. Hamilton: We have had a great many misunderstandings with Mr. Thatcher, but we have gone and spoken with Mr. Thatcher and his youth minister several times and we have cleared the air considerably with them. They did not really know what we were doing, and we went in and told them, and they accepted it. So that cleared that situation.

Senator O'Leary (Antigonish-Guysborough): I just want to develop again a little further the subject of ATAK in the City of Kingston. For example, was the organization able to find the facts in the past that were existing in Kingston (probably still are) and have they corrected some of them? Unscrupulousness on the part of landlords, unscrupulousness on the part of others including—perhaps I should not mention categories, but I will because of those I know—students who bought up or leased and then sublet at excessive rates. Are these facts being uncovered, being examined and dealt with?

Mr. Hamilton: They are certainly being uncovered. ATAK has done a great deal of research into the housing situation in Kingston, and they can present the facts. However, when you present the facts to a landlord and say, "You are unscrupulous", he says: "Yes, and I do not intend to change", and there is very little we can do.

Their main hope is that they can work democratically by raising the issue, by pointing out the problems, and rallying enough people around them or getting enough power politically to change the situation.

Senator Quart: After you have found some discrepancy and there are some suggestions you would like to make, do you then present your views to the city council?

Mr. Long: The company?

Senator Quart: Yes.

Mr. Long: No, we are facilitators and not leaders. Our job is to help the community organize so that community leaders develop, and then the community can take its beefs to city council.

Senator Quart: You never make your views known to the municipal council or regional group at all?

Mr. Long: Not on behalf of the community; perhaps privately occasionally, but when the community speaks it speaks for itself, not through our tongues—the people in the community.

Senator Quart: Yes, I know, but I was wondering then, as you are a Company of Young Canadians constituted and set up by the government (I do not know, but I am just giving my opinion): would it not be an advantage, as well as giving your ideas to the community group, to give them to the city council or municipal group?

Mr. Hamilton: There is a very fine area there of provincial-federal jurisdiction. A federal Crown corporation going into British Columbia and saying that the education system is atrocious, that would be infringing on provincial jurisdiction then.

Senator Quart: I mean, not going that far, but suggesting where housing is needed or something, giving a boost to the grass-roots community organizations which you mentioned which you try to set up in order to give them a break.

Mr. Vidal: This has sometimes happened. There is a case recently which I have observed in St. Jerome, Quebec, where the volunteers were first invited in order to organize non-unionized people, and also to try to cure some of the economic problems that had been plaguing this area. There was a citizens committee created, and it is the citizens committee, helped by our volunteers, that bring out the issues. This citizens committee finally convinced the federal government that St. Jerome would have to become a designated area. Since then new industries have been coming in, and the economic problems—I would not say they have been solved for ever, but they are in a better position.

The citizens coming from the north of St. Jerome, who used to come to St. Jerome, spend one week-end and then hit Montreal, now stop in St. Jerome. Therefore, having new industries and new people coming in,

more investments, the whole range of relationships between employer and employee has ameliorated itself.

Then finally now what the volunteers are bringing up and bringing to the attention of the people in St. Jerome—as I have seen from a report in the local paper by the volunteer—the housing situation; because with the transients coming from north western Quebec and north of St. Jerome, now it is a new problem which has developed. With the citizens group it is taking now a new scope, new objectives, and it re-generates like that.

The article in the paper which is now documented, saying that this is the housing situation and why is it like that and so on, is prepared by the Company as such, but it is brought about by the citizens themselves. We have helped them to identify what is the next step in the development of the area.

Mr. Long: Senator, I would like to go back to the point you raised earlier about why the Company does not occasionally make representations to official bodies. This relates very closely to something we talked about earlier, this psychology of the poor. We see it not only in the constitutional framework, as Mr. Hamilton pointed out, but as a very important strategic point as well.

When people have lived under this kind of conditions, they rarely expect to win; they rarely mobilize themselves spontaneously. For the Company to say: "We will speak for you, or we will make these representations on your behalf" might solve the immediate problem, but it does not create any changes within the people.

If I can give you one brief example, we have a project in north west Saskatchewan where a number of people had moved out of a village because welfare had been cut off, and were snaring rabbits along a road, in order to live, some of them as many as 35 miles away from the village. Not being able to leave their children in the village, they took their children with them, which meant that 35 to 50 children were pulled out of school. These were Metis people who had moved out along this road into shacks, and had to pull their children out of school, because only out here could they snare enough rabbits to live.

When the volunteers began talking to these people and to develop relationships, the one thing the people kept coming back to is: "We would like to see our kids back in school. We

would like to see our kids educated so that they do not have to end up snaring rabbits to live, at the age of 40, as we are doing. How are we going to get them back to school?"

One of the solutions that was banded about was a school bus. If they had a school bus, their children could go to school. At that point it probably would have been quite easy for the Company to make representations to official levels and get a school bus for these people. On the other hand, it was a longer and slower process but a much more rewarding one in the long run, to work with these people and say: "If you think a school bus is the solution, you take the steps and we will help you". It took much longer, but the people themselves drew up the petitions, the people themselves gave long briefs explaining why they wanted their children to go to school and why they could not live in the village and so on. The petitions started at the local level, and the volunteers could have told them that it would not work at the local level "because you have no sympathy at the local level." They could have told them that, but they did not. The people said, "We will try at the local level first", and the volunteers said, "Fine, we will help you." They tried at the local level and failed. They went one step higher and one step higher, and six months later they had a school bus. They could have had the school bus at the end of one month by the volunteers making the representations for them, but by taking six months the change in the people themselves was phenomenal, because now they were saying, "We can do things for ourselves; organized, we can win. We can get together and solve our problems". This realization was the important thing, not the school bus, in the long run.

The Chairman: Let me just follow up your brief on page 9, the last paragraph, because some of our people have been whispering the things in my ear. I have not paid too much attention to them because I am not knowledgeable enough. What are you trying to say there?

Mr. Hamilton: In the last paragraph on page 9, we are trying to say that the poor are very frustrated; that they are surrounded by this affluent environment where everyone else has money; they see T.V. and they see the ads everywhere they go about new cars on the billboards, and they become very frustrated because they come home and look for their living and look for the future that they see for the kids, and they want a future for

the kids and they want a future for themselves, and they become very frustrated. Plus, there is a whole new youth generation...

The Chairman: Turn over to page 10, and what are you saying?

Mr. Hamilton: We are saying the whole tenor of life is changing very rapidly; that where once people were satisfied to accept the promise from government and wait for government to act, they are no longer satisfied with that. They are saying to the government: "This is what we want and this is when we want it, and if you cannot come through for us we will get rid of you." They are saying to aldermen and mayors and M.P.'s: "We are going to elect you and what is more we are going to watch you. If you vote against a bill, we want to know why; if you vote for a bill we want to know why". They are trying to take the tokenism out of it; they are trying to make it much more realistic to themselves and to their lives. They are accepting that this country is a representative, democratic country where we work through elected representatives. They accept this, but they are trying to make it a bit more efficient by pushing the representatives as hard as they can; and if they cannot work through representatives, they try to work through the public. The Indians in Cornwall blockaded the bridge because the federal government would not do anything. The treaty was broken, they considered, by the government and they wanted action. The government would not give them action, so they went to the public and made the protest known by blockading the bridge, and they were reasonably successful.

But the straight matter of fact is that the public did become aware the treaty was broken. The Indians were supported by people all through the northern United States and a great deal of Canada, and this is very important.

The Chairman: But you have an inference that there is bitterness, hatred and violence—I have not heard that term—some inference that there was bitter feeling amongst some of the people. Have you come across that?

Mr. Hamilton: Yes.

The Chairman: Where?

Mr. Hamilton: Perhaps it is isolated now and it may be reasonably small now, but it is

developing. Canada has a habit of following the United States eventually in everything, and eventually we get there. Violence is four or five years old in the United States and we see it as entirely conceivable it is going to get here; that there are minorities that are discriminated against. Our Indians are treated as badly as the blacks are in the United States. People like Howard Adams and other Indian leaders are militant; they hate, in a great many cases, white people generally, with good reason. As more doors are closed in their faces, as the public apathy grows, as the politicians' apathy continues, what can they resort to? They have nothing left. Their only resort is to a bitterness, hatred and violence. That is their last alternative, and they are being driven slowly along the road until that is the only alternative left to them.

Senator Sparrow: I appreciate in your comments very much in fact the idea of encouraging people to help themselves rather than helping them. I think this is a good approach, and I must admit I was not really aware that this is the way you are operating. Particularly this is true within the Indian community in Canada. They are certainly progressing now in the last 18 months, probably, much greater than I had anticipated they could, and somebody is encouraging them to take a stand for themselves, and I think it is good. Probably the greatest economic and cultural crime committed on any people has been committed on the Indian people in Canada by all governments in our history, and this has tended to hold down the Indian, and actually an ethnic type of genocide has been and is being committed on the Indian people. If you can work in these areas, I think your work is extremely well done and well planned.

One question I would like to ask. Within your group, who decides who is under-privileged? How do you decide who these under-privileged are? In fact, before we leave today, I would like to know who in your opinion are the under-privileged people in Canada—by specifics. You mentioned Indians and so on, but as well what in your opinion is economic poverty? You suggested the guaranteed annual income, and I think the idea is rapidly gaining favour in the North Americas, but in your opinion what is economic poverty and what level of guaranteed annual income are you suggesting yourselves at this time? It is very easy, off the top of a person's head, to

say, "Good, we should have a guaranteed annual income", but at what figure and on what basis would you have this guaranteed income?

Mr. Hamilton: Senator, it would be off the top of our heads, because this is an introductory report. Our intention was to bring these conceptions to you, and if they were reasonably accepted and you wanted to hear from us again, our intention is to go to community groups and to volunteers and to let them work out the details.

I am not begging off your question, but my answering the question would be very presumptuous. I do not know what community people see as a guaranteed annual income. I have my impression but that may not be their impression, and I think they are better qualified to speak on it than I am.

Senator Sparrow: Could you tell us who the under-privileged, in your opinion, are in Canada?

Mr. Hamilton: Economically the under-privileged are easy to find, actually. Every city has its downtown core; a great many small farming communities, specific ethnic groups, Indian, Metis, Eskimo. A great many immigrants are under-privileged because they are very badly discriminated against. The Italians are one example in Toronto. You have young people who, we consider, are an under-privileged group of people. Do you want to add?

Mr. Long: One thing I would like to repeat is that we accept wholeheartedly the Economic Council's definition of poverty which says:

In developed industrial societies the problem of poverty is increasingly viewed, not as sheer lack of essentials to sustain life, but as sufficient access to certain goods, services, and conditions of life which are available to everyone else and have come to be accepted as basic to a decent minimum standard of living.

Senator Roebuck: I was looking at that. What page is it on?

Mr. Hamilton: Page 3, first paragraph.

Mr. Long: This comes back to something I said earlier, that poverty is a relative condition, and if we were to say flatly now that \$3,000 a year would sustain life for everyone in Canada, it would not hold much meaning because poverty is a relative thing. You could

say a man who earns \$3,000 in northern Saskatchewan is a wealthy man, but the man who earns \$3,000 in Toronto is probably suffering from pretty severe degradation.

Mr. Hamilton: We would like to come back eventually and go into this in more detail.

Senator Sparrow: Earlier you said the concept is, "produce and consume", and society says today "you must produce to consume." You are suggesting that we are rapidly getting into an area where there will be insufficient jobs for in fact enough people to produce. This to me is a rather bad concept from the standpoint that society must always, I think, produce and consume, so we must change the area of what we consider producing is.

In your context, are you suggesting that producing means working for \$50 a week? Is this producing? I do not look at producing this way. I think a musician as such is a producer.

Mr. Hamilton: That is what we are saying.

Senator Sparrow: He is consuming somebody else's production, but he is a producer. We must develop a system, I think, where everybody must be producers. Our problem today is that many of our people are not producers in some form or other. You cannot keep any people doing nothing; they have got to channel their energy somewhere; because we all have certain energies, either to produce or reproduce, and if we can find areas where we could have these people produce and then give them a type of guaranteed income or bring them up at the same time, then I think probably we can solve the problem, but we just cannot solve the problem by saying: "All right, here is some money. Sit on your buttocks, so to speak. Do nothing, but keep out of our hair."

Mr. Long: I know a Metis man in northern Saskatchewan, senator, who is quite an artist, and he is viewed in that community and told to his face that he is a lazy Indian. I have this through other people and I am not directly on the scene, but attempts have been made to make him productive as an artist in the commercial sense so that he can survive by his art, but because he does not work in the pulp mill and because he spends his days painting rather than cutting logs the man is a "lazy Indian" and lives in degradation. I think we agree entirely.

Senator Sparrow: I was thinking of the question, too, that the general public, the working people in Canada, work for twelve months a year or eleven months of the year, and they like to hunt and fish for a month; whereas the Indian likes to work for a month and hunt and fish for eleven months. I see nothing wrong with it; I am looking for his way of life. However, we discourage this type of approach. If he can produce by that method and enjoy his time and be productive for society, if we can develop to that stage I would have no objection to that approach.

Mr. Long: If you have to earn your living by hunting and fishing, you will find it is very hard work.

Senator Sparrow: That is right; it becomes work then.

The Chairman: Tell me, on page 12 I think you imply that poverty must be dealt with first and foremost from the economic point of view, and that the cultural and social aspects will come later. The group that we had before us on Tuesday were asked the very same questions, and they said, "No." What is your view?

Mr. Hamilton: I think we would say "no", too. I hope we did not give that implication. We see them being treated more or less together.

We will give you a specific example. Indians on the reserve, for example, have a cultural and social life but no economic life. You bring them to the city and you find them a job. They are in a foreign environment and start to work. They get their economic stability, but they lose their cultural and social. So you are going to have to work at all these things, treat them as man as a whole; that this is all part of his life. You cannot treat one part here and one part there, but you have to say that man is economic, social and cultural, and we will try to treat them together. This is what I hope we were implying.

The Chairman: Well, some of us share the view that what the poor need is money, services and aptitude. How would you like to comment on that?

Senator Roebuck: And opportunity, if I might add.

The Chairman: Also, opportunity. How would you like to comment on that?

Mr. Hamilton: I will start and let Charles finish it. They need money, yes. They need much more than that though: they need services, but they should be able to determine what services they are going to receive. Services are imposed on the poor at present, and this is totally wrong as far as we are concerned. The poor should be able to determine what they need.

Senator Cook: What services are imposed on them now?

Mr. Hamilton: Let us take welfare as an example. I am not saying that the money is imposed on them, because they are desperately in need of the money, but the welfare officer is certainly imposed on them. The welfare officer comes to their homes, and criticizes the way that they keep the home and criticizes the way they live. This is an imposition. In return for the money, they get the chance to pick at you, they get the chance to practice their amateur psychology on you.

Senator Cook: Perhaps because it was justified.

Senator Long: But not welcome.

Mr. Hamilton: We were talking of values and living standards. Everything is individual. I mean, we can take two rich people with immaculate homes, and one maid may like to do her dishes at six and one at nine. If we walk in one house at seven and the dishes are done, we get a favourable impression; we walk into the other house at seven-thirty and the dishes are not done, so we do not get a favourable impression. What right do we have to say: "Your dishes should be done or your floor should be swept this morning at 10 o'clock"? That is the crux of the matter.

Mr. Vidal: I could add this, that sometimes the cultural values of a group or civilization in Canada (and these are things I have observed) where we had a volunteer coming from a certain area which has certain economic standards which are defined—let us say those we would find in this city; who goes into another area and meets other groups and he tries to help them to identify their needs. The volunteer himself comes and sees a sort of economic standard that the groups should try to attain; while the people he is working with (and this can be documented and seen) have learned to build their own house in a unique way, prepare their own food in a

unique way, have their work in a unique way and sometimes they only see the sun at four o'clock. Again, the volunteer says: "Well, look, you do not have this, you do not have that", and so on, and the people do not understand and they do not believe they are missing anything. We would believe that they would be poor, while they have cultural values probably stronger and more valuable than anything that technology would add to it.

The whole idea, as Mr. Hamilton was bringing out, is: how do you now establish a sort of relationship; how do you develop within the pattern of the civilization itself where these people are and which other civilizations identify as poor? I think this is the crux of the matter—a growth pattern, keeping the values in their scope, the spiritual richness and so on, and also adding, I would say, to the physical and material growth of the group. To me this is the question we should try to identify.

You can have someone saying, as we are saying, "Well, people sometimes like to give lessons to one another". This will probably be one of the things we will have to develop in the Company as such. Can the volunteer realize and see that he is in a cultural pattern which is not his, and that the people live out of this cultural pattern which is based on their values, their family life, their eating, their cooking habits and so on which are a part of the cultural values. Their dressing, the way they paint their homes, and so on. Can the volunteer now have these people identify their need of growth and their need of renewal? This is, I think, the difficulty we will always have with the poor.

The examples you have. I remember four years ago when I was in adult education trying to bring up courses for people who had just lost their jobs because of automation. Here you had people in an area where over 54 of them had not completed seventh grade education, who probably started work after grade 5 or 6. Most of them were women, working in a certain type of factory. Then in one month's time after they had been doing this for twenty years, everything disappears. What do you do with them?

We decided to organise a programme, because a great civic manifestation was to come in two years: so we are going to train them as waitresses. So then they come and they train as waitresses, they take a diploma and so on and everyone is happy. But the

manifestation was to last only twelve months, as you all know, and now the process has to start over again because they do not need that many waitresses. In three years the whole pattern of the economic framework of the area has changed. I will not speak about the values given by the civilization, but I think this is the crux, that you have to now reach possible economic growth based on the values of the civilizations where they are. We have multi-civilization groups here. We have people who live differently, either in the Maritimes, the west, Quebec or elsewhere, and I think this is the major problem.

The Chairman: I think it is so important, what he has just said. When the Imperial Tobacco Company decided to automate, they had these women who had been with them for many many years, and overnight there was nothing for them to do. They stepped in for the purpose of training them. Now, what do you train them for? They took a look at Expo and said, "You will need waitresses", and so they trained them for Expo. Expo had them for a year and then came the end of Expo and he says: "Now we have to re-train them over again; we have to find something else for them to do". Furthermore, this is happening all around us without such a concrete and live example. That is the substance of what he is saying, which is so important, and which we must realize in this Committee that we have to live with as long as we are members of this Committee.

Senator Fergusson: Mr. Chairman, I am sorry I have to leave, but I must say I am very pleased we have these witnesses, because I have always been very sympathetic to the work of the Company of Young Canadians, even when they were going through a bad time through their publicity. I felt the basic reason for their existence was very sound.

Perhaps I feel this way because I have been quite closely associated with the work of UNICEF who work in other countries and also try to teach people to help themselves, and this I could realize is what the Company of Young Canadians was going to do.

I suppose I belong to the group, like quite a few others here, that apparently is regarded rather with disdain by this group as do-gooders who work in voluntary agencies, who believe in appeals (and I still do not quite agree with the statements about appeals that

are made in the brief). I really am not prepared to accept, without some further evidence, that everything that all these people have been doing is wrong; nor am I quite prepared to accept, as you say on page 3, I think, that the programmes instituted by governments and agencies in the past were predestined to failure—and I gather your feeling is that they have failed. I do not agree with this.

However, I think I am open-minded, I would like to tell you, and I am devoted to the objectives of this Committee to the extent that even if I have to change my whole philosophy, if we can bring about better conditions for the people who are living in poverty I am certainly quite willing to do that; but I am not going to do it without more evidence than the statements that have been made.

I have had close association with some of these things. I administered the family allowances and old age security in my province, I was responsible for it, and I saw the tremendous good that this did amongst poverty-stricken people. Sure, it did not solve the problem, but I think it was done with good intentions; I do not think it was done with hypocrisy nor cynicism when we put this sort of legislation on our books. I think it has accomplished a certain amount, but perhaps you can tell me that it has not.

There is still one other point I would like to make. You speak about grass-roots organizations. It seems to me that many of our volunteer organizations that exist now are made up of grass-roots people. Then when you speak of self-appointed leaders, the people who lead these organizations are elected. What difference is it going to make if you get your group together and elect somebody to be their chairman and then the money is given to them? How different is this going to be from the volunteer agencies we now have?

Mr. Long: If I may answer briefly to that, I think our feeling is that the volunteer agencies we now have are not made up of people who require the services. In other words, they are made up of the givers, rather than the receivers, and it is a very commendable attitude that these people have taken.

I think the reason we say it has failed, senator, is that in the context of my previous example the volunteer agencies have provided the school bus but have not changed the people or the situation, and it is very commendable for them to have the school bus, but much more is needed.

Senator Roebuck: They have got education for the children, at least.

Mr. Long: Right.

Senator Roebuck: Would it not be better to say that some of these efforts to which we have been referring have not been a complete success?

Mr. Long: Yes.

Senator Roebuck: They have been a partial success, every one of them is a partial success and none of them a complete success, and I suppose we must accommodate ourselves to that in human society because we are people and not machines. A machine can be a complete success but human beings seldom are. They can outstrip the machines, just the same.

The Chairman: Would you like to comment further on what Senator Fergusson said, Mr. Hamilton?

Mr. Hamilton: I would just like to pick up from what Charles said. On the last page we say that we are not saying all experts and agencies are worthless; we are saying there is a drastic need for many of them to adjust to the new feeling among the poor, and we believe that many of them will be capable of doing this. There will always be need for experts and always a need for professionals supplying a service. We see the agencies as definitely having a part to play in supplying the services that people need, there is no doubt about that; but where we draw our line is that we say that poverty still exists and agencies and the experts and the government had their chance. Let us give the poor their chance; let the poor use the agencies, let the poor use the experts and let the poor use the governments. It will have to be a cooperative thing, but the initiative must come from the poor, the planning must come from the poor. It has to be their programme and it has to be their initiatives that are driving the programme. This is what we are trying to say.

We see the Committee as having to make a choice. The Committee will have to decide whether it is going to go with the agencies and the experts, or whether it is going to go with the poor, whether it is going to those who make their living from poverty—which is exactly what they do, and that is what we do. We are making our living from poverty and the agencies make their living from

poverty, the experts and the professionals. Your choice is whether you decide to put your trust in the poor or to put your trust in the agencies and the experts. It is your choice.

Senator O'Leary (Antigonish-Guysborough): It is not quite that simple.

Mr. Hamilton: Perhaps it is not that simple, but the time has come for the poor to have a say and for the poor to start planning a programme.

Senator O'Leary (Antigonish-Guysborough): I agree.

Mr. Hamilton: This is all I am talking about.

The Chairman: Mr. Hamilton, dealing with absolutes is very nice, but has not the Committee another choice? Has not the Committee the choice of using the best of the experts and the volunteers in collaboration with the poor?

Mr. Hamilton: I would rather see you using the poor and incorporating the experts and agencies as the poor require them. The poor are going to need help; they cannot do everything themselves. They are going to need the experts, they are going to need the agencies, but I think that the agencies and the experts should be there at the request of the poor, not the other way around.

Senator Cook: What you are really almost saying in broad terms is that those who are leaders from luck or other reasons, for material reasons or because of profession and so on, all they have to do is take the money and pass it over to those who from perhaps ill-luck are not leaders. In other words, those who find themselves in poverty for one reason or another, all the "haves" have to do is to take the money and to pass it over to the "have nots" and have them spend it how they like.

Mr. Hamilton: We are not that absolute. There has to be control, there have to be checks, and there has to be help.

Senator O'Leary (Antigonish-Guysborough): And there are leaders in the poverty groups.

Mr. Hamilton: Yes.

Senator Fergusson: How are you going to arrange about the checks? You say the government should have nothing to say about it. Who is going to do the checking?

Mr. Hamilton: We have suggested you use other community groups; that it is an education process and there is an understanding and a trust amongst these groups. They know the problems very well because they have been through it themselves.

Senator Roebuck: On the last page of your brief, page 19, you say we are not trying to cure poverty; that the cure can only come from the people involved. That is not my experience. As I look back in history, most of the great reforms in the progress that has been made by mankind, have not been made by the downright poor; they have been done chiefly by the intelligent section of the middle classes. They have brought us most of our improvements in social, political and economic conditions. The poor are not able to pull themselves up by their bootstraps.

Mr. Hamilton: That is why we still have the poor, senator; that is why poverty still exists.

Senator Roebuck: No, that is why these particular persons perhaps have been chosen to be the poor. If they were more skilful than their neighbours, perhaps they would not be the poor and the neighbours would be the poor.

Mr. Long: What we have offered the poor really, senator, is dependency. I do not question the motives of those who have offered it, the motives of the agencies and of the very good work of the volunteer organizations.

Senator Roebuck: Yes, they are not the poor.

Mr. Long: They have offered the service, but offering the service in that context has created a dependency. If an agency goes to a family and says: "All right, we will solve your economic problems; that agency will solve the problems of your children's health; that agency will tell you where to work; that agency or social worker will tell you how many pairs of shoes your child needs per year", the people are left with no decisions for themselves and initiative is gone, responsibility is gone, and the person becomes dependent upon this system. Unless you are ready to accept the values of the Brave New World, I reject entirely the whole philosophy of dependency; that this country can only solve its problems by helping people become independent.

The Chairman: Yes, Mr. Long, but dependency is not our purpose.

Mr. Long: Precisely.

The Chairman: The philosophy of the system is not dependency. We provide for the basic needs of the people. What we are trying to find out is what we have got to do beyond that in order that they may provide for themselves, but we do not preach dependency.

Mr. Long: But this is the inevitable result.

The Chairman: As a matter of fact, if you carry it too far, you and I are also a bit dependent, I on you and you on me. You draw your salary from the government; I draw my salary from the government. We are already becoming dependent.

Senator Cook: I would say there is less and less dependency all the time in the world today compared with history.

The Chairman: Senator Quart?

Senator Quart: I was trying to be a sort of bridge between what Senator Fergusson said and what is being said by the three gentlemen who are doing an excellent job defending their theory. I am agreeing with your theory in principle, but I do have to stand up for the voluntary organizations over the years, particularly the war years. I think times have changed so drastically but I do believe that the people involved, the poor, have to get into it, I agree, but what name do you give yourselves? "Citizens Committee" was the name used by most, especially during the war years, in which they incorporated all the voluntary agencies. What name do you give yourselves, or do you find antagonism in setting up these community committees or whatever you call them, by the volunteer agencies? That would be a rather disastrous situation because with your theory of setting up these community organizations you have not succeeded entirely, I am sure in ensuring that they would have continuity; whereas the voluntary organizations, usually on a national level, if they fall down in one place they are bolstered up by some somewhere else. Have you found antagonism, or would you consider it advisable when these community organizations are set up (poor or otherwise) that a larger meeting could be held to which the voluntary organizations would be invited and form a real citizens committee or a coordinating council, or something of that kind? Have

you found antagonism from the voluntary organizations in proceeding on your way?

Mr. Hamilton: It is different right across the country. In some cities there is excellent cooperation between agencies and the people and the Company, and usually the agencies say, "It is a very good idea, and we will give you all the help we can. If you need help, come to us and we will help".

Senator Quart: Good.

Mr. Hamilton: It is this type of situation. We are not criticizing agencies for supplying a service. God knows, they are the only thing that has been available to the poor for years. However, what we do criticize agencies for is taking a leading role instead of a facilitating role. We see agencies as being there to support and to encourage and help; we do not see the agencies as leading. If you want to encourage responsibility, you have to give the people responsibility and then we can get to the independence.

Senator Quart: Help them to help themselves.

Mr. Hamilton: Yes. In some areas we have had a great deal of difficulties with agencies.

Senator Quart: Have you suggested a particular or special name for these committees?

Mr. Hamilton: No. Just "ATAK" is one, "NOW" is another. They just develop from the community and whatever the problem.

Senator Quart: It seems you can catch more flies with honey than vinegar.

Mr. Long: I think that is "Association—Tenants—Action—Kingston".

Senator O'Leary (Antigonish-Guysborough): The first thing I would say at this time is that I like your brief very much. You have some recommendations we could not go into, as the Chairman said, for obvious reasons—guaranteed annual income, which is too bad, but perhaps we can return to them sometime later.

Mr. Hamilton: I hope so.

Mr. Long: I would like to.

Senator O'Leary (Antigonish-Guysborough): Your brief is full of cautions to this Committee, and there is one in particular I just want to refer to, and perhaps it is something Sena-

tor Fergusson was pointing out too, at the bottom of page 17, ignoring the first part:

The Committee is faced with the job of attaining the trust of the poor...

I hope we accept that in the spirit in which you intend it and in which we intended when we set out on our study.

...but at the same time not slapping at all those who have been trying to help...

I think this is what Senator Fergusson was trying to tell you people, to heed the same caution as to the volunteer agencies and the others who have been attempting to do a job "however clumsily and misguided their attempts have been".

It seems to me at least—and I believe the same thing was pointed out by one of the witnesses we had yesterday—that policy makers come up with decisions, and community organizations come up with decisions made after analysing their own needs, and they feel that they have determined what is of particular import to them in their community, and that the policy-makers have not incorporated in their programme anything that meets this particular need. Therefore you spoke of funds, and therefore funds are not available in most instances, or in one case, where you said economic poverty can only be cured by money—economic poverty.

Mr. Hamilton: Correct.

Senator O'Leary (Antigonish-Guysborough): Therefore the money is not available. I believe you wanted to make this point.

Mr. Hamilton: Yes, we do.

Senator O'Leary (Antigonish-Guysborough): I appreciate that point and I say twice it has come in, the Tuesday meeting and today, and I think it is important for us to bear in mind. In other words, perhaps we have put the cart before the horse.

I am not here to defend politicians, but I think you would agree that a good politician would much prefer to have a good organization or organizations of people representatives, as you say, of the people who need the help.

Mr. Hamilton: Right.

Senator O'Leary (Antigonish-Guysborough): Therefore I say: "Look a little more kindly on politicians." I do not know what I am at the

present time, but having had a little experience there, I certainly liked and appreciated ideas coming from organized groups who know what they wanted, rather than from so many individuals, everyone with a different idea. That is all I have to say.

Senator Sparrow: We talk about voluntary community organizations, and by such I think we are referring to the Red Cross, the Cancer Society, Association for Retarded Children, and this type of group; but in the actual area we are studying in the poverty area, the Indian area, the Metis area, Eskimo area, in fact we really have not had voluntary groups assisting those people as such, at least of any national consequence or any consequence in many instances at all. It seems to me that the Company of Young Canadians is quite possibly the first interest that has been taken outside of these groups and outside of government, outside of the Indian Affairs Department or the social welfare department of the government. I am not aware of any, at least until recently, community organization that in fact says: "We are a voluntary organization working on behalf of those at the poverty level, or just for Indians". Is this not to a degree true?

Mr. Long: With the exception of the churches.

Senator O'Leary (Antigonish-Guysborough): What about the cooperatives in eastern Canada particularly, or the west if you wish.

The Chairman: Senator Hastings has a question.

Senator Hastings: Just two quick questions. On page 8 you refer to a "Newstart" programme. Which one is that?

Mr. Long: Can I tell you off the record, sir?

Senator Hastings: Is that the one I am thinking of?

Mr. Long: Probably.

Senator Hastings: Can I ask you where you got your information?

Mr. Long: I visited the programme and talked to their personnel in January last.

Senator Hastings: Turning to page 7, is it the view of the Company of Young Canadians that the money we are spending in these rehabilitative programmes functions to keep the poor in their place?

Mr. Hamilton: Yes, not intentionally by any means, but I think unintentionally this is very well what is going on. There is a fear of the poor. A great many people are afraid of the poor. A great many people do not like to walk in a low-income area, because the poor people are there, and we all know they are degenerates, morally, physically, and their health standards are intolerable; they drink a lot and they have never heard of birth control pills. This is the general impression that is propagated about them.

The Chairman: Whether they have heard about birth control or not, why would it bother me?

Mr. Hamilton: I am not saying it bothers you, but I am saying it bothers a great many people.

The Chairman: Why would it bother people? At the moment you are saying things that are foreign to me, and I thought I knew this country. I have no idea that people feel that way about the poor. I do not think they pay any attention to the poor, but I do not think they feel that way about them at all.

Senator Hastings: I do not understand how you can say, when we are spending a billion dollars on vocational training schools, retraining 300,000 people this year, at a cost of millions, to give them an opportunity of sharing in the affluent society, that we are keeping them poor.

Mr. Long: If I may, precisely because of the concept I was trying to get across before, through offering people dependency; that as people dependent upon an agency they can never rise above their own situation unless they do as in the brave new world where they are offered everything and they accept that other people will be making decisions for them.

Senator Pearson: How would a guaranteed annual income make any difference?

Mr. Long: Because they have responsibility for their own lives with that money. A guaranteed annual income does not involve a social welfare worker telling them how many pairs of shoes their children need, how many times a week they should scrub their bathroom.

Senator Pearson: How is it going to raise him up out of that level that he has down in

the bottom in the gutter; how is it going to raise him out of that?

Mr. Long: He has enough food to eat and he has bought the food himself and he has made some decisions.

Senator Pearson: The welfare people have been giving him money and it has not made any difference to him, and he is still dependent on a government hand-out, which is the guaranteed income.

Mr. Hamilton: But the guaranteed annual income cannot be taken away, and the welfare can be taken away, that is the essential thing to remember.

The Chairman: What he is saying in effect is, there is no means test about it; it is his as a matter of right.

Senator Hastings: If we take a 45 year old man and put him in school for 52 weeks training for a trade that will enable him to lift himself higher in the economic scale, we are making him dependent?

Mr. Long: No, in a way, you are making him independent. I will accept your argument in that case.

Senator Hastings: Then why are we functioning to make them poor?

Mr. Long: The question is, in the case of retraining programmes the man has very little to say about what he is going to be retrained for, what his talents are. The artist I mentioned, for example, the government would be delighted to train him as a timber grader, but he wants to be an artist. He can give up his art and become dependent upon the pulp mill, become dependent upon what other people want for him, but to exercise independence to make his own decision you have got to free him to pursue his art.

Senator Hastings: Even though there is no demand for artists?

Mr. Long: How much more demand is there going to be for timber cutters?

The Chairman: Mr. Long, it is not given to any of us to do exactly what we want to do in life. We have all had to make changes and compromises. This man might be a very good timber man and a lousy artist. How do I know?

Senator Cook: Who is going to say? Is he going to say he will be an artist or somebody else?

The Chairman: I could give you dozens of examples where they say, "I want to be this and nothing else", but life does not go that way or everybody would want to be a senator.

Mr. Long: As an individual I am considered right now to be a poet, but I should have to accept at the same time that as a poet I might not have those trappings of affluence that I could have by working for the government. If I really wanted to be a poet, I would be willing to make that sacrifice, but the freedom is mine to make the choice given the conditions and that freedom is not available to everyone.

Mr. Hamilton: The point we made before, with the retraining programmes, the first consideration is to find the man a job. There is never any consideration that he may have an I.Q. of 180 and could go to university and easily become something better. They seem to limit the people by saying, "You are going to be this or that".

The Chairman: That was a good criticism six months, or perhaps a year, ago. That is the way we started. We took a man and said, "We will need tinsmiths", so he was a tinsmith, and the same applied to bricklayers and so on. Then we realized our mistake. Have you not found that in moving across the country, that we have realized our mistake and we are not doing exactly that at the present time, or am I wrong?

Mr. Hamilton: You may not be wrong, and if you are correct, congratulations are in order.

Senator Sparrow: There is the point about training, speaking of Manpower: I know conditions where they go into Manpower and the first thing they will say is, "What are you trained for?", and if they have no training of any sort they say, "We have no place for you. We just have to shift you out of here. We have no place in Manpower for you at all. You might take a job as garbage collector or something like that, but this is all we can give you"; but with training, they have to have training before they can get anywhere. Who is going to give them the training?

Mr. Long: If we accept the notion that everyone must be a producer in the very commercial sense.

The Chairman: No, we are not accepting anything, but don't you have to train people to use leisure?

Mr. Long: Sure, you offer the opportunity, of course.

The Chairman: If they train the people the way some have been trained before, all they wind up with is with leisure and not jobs, and that is our trouble. When you say training, it is very difficult for any of us to say exactly what kind of training every person should get, and we make a great number of mistakes.

Senator Fournier (Madawaska-Restigouche): Mr. Chairman, first I wish to apologise for being late. I must say, for the record purposes, that I travelled 600 miles since last night to come here, because I wanted to attend this meeting.

I am sure, after reading the report, that this is one of the most constructive ones I have found so far. I do not know if you have destroyed it up to this point.

Senator Pearson: No.

The Chairman: They are telling it their own way.

Senator Fournier (Madawaska-Restigouche): It was really good, and I want to thank these young people for coming up with something more constructive than we had before.

We are talking about training. I wonder if these gentlemen can find out through survey here, to follow Senator Pearson: when you go to Manpower and Manpower sometimes will say, "You have no training. What would you like to take", this man has never thought anything about training and he is being offered bricklaying, masonry, carpentry, electrician, without the least bit of knowledge of what he is facing and many times with no aptitude. "I think you could make a good bricklayer" for a fellow who is inclined to become an electrician, or a good motor mechanic for a fellow who would like to be a barber. Manpower will make some kind of offer and he will say: "Well, we could place a few motor mechanics if we had them". All right, the young man signs and takes a one year course on motor mechanics. At the end

of the year he finds out there are no opportunities for motor mechanics. He walks around the country for 30 days or so and cannot find a job. He comes back to Manpower and says: "I have taken the wrong trade. I want to be an electrician". He takes the electrician course. After a year he finds out there is no opportunity for electricians, and he wants to take masonry or barbering. I know places where people have already taken three courses and they are on the fourth one, living at the government expense, all paid by the government. Somewhere along the line they must have been misleading.

Another thing, we have people in my region who have retired at the age of 65 or even 70, going to school today. For what purpose? They are not going to work any more because society has almost rejected them on account of their age, not their ability, which I think is a sad situation. The only reason they are going to school now—and I am talking about my region—is because they get \$50 a week plus \$20 a week for transportation if they live within five or six miles outside the school, at the government expense. I just wonder what benefit they are going to get out of this training. They say they are not going to school to learn anything. They do not mind admitting they are just going to school to draw the money. I think this is a serious situation. I have no answer to it, but my question is whether you find something like that going around the country in your surveys.

Mr. Hamilton: I said earlier that we know of training programmes where they train people and there is no place for them.

The Chairman: Senator Fournier is talking about older people over 65 who have retired and I assume—I did not get into the argument—they are being trained for leisure.

Mr. Long: Or perhaps their incomes are so inadequate, as older people that, requiring the extra resources, this is their alternative.

Senator Fournier (Madawaska-Restigouche): I would go a long way with that and not deny that, because of their income, but it cannot go on for ever, they are not going to train during the next 15 years. When they retire at 65, they expect to live another 15 years at the most. This is not going to solve the problem. It is going to help.

The Chairman: In New Brunswick they may have 15 years but not the rest of the country.

Senator Fournier (Madawaska-Restigouche): Won't be long this way.

Senator Quari: Do I understand correctly that you go to Manpower and just say, "I want to be an electrician"? Is there no-one in Manpower who has some vocational guidance?

The Chairman: Of course they have. In the early days there is someone there who gives an aptitude test, vocational guidance, and examines the possibility of placing him afterwards. Next week Tom Kent will be here and explain it to you.

Senator Fournier (Madawaska-Restigouche): I know in the early days the selection was made through the vocational institutions, which were well equipped to qualify the boys or men to become electricians, or whatever, they were well qualified. All of a sudden this has been taken away from the vocational institution who had the experience and knowledge and the know-how and it has been given to Manpower; and, believe me, I have to say that Manpower is far from being equipped and ready to take that responsibility.

The Chairman: You know what happened, don't you? The dominion government paid the provincial government for doing this work. They got into an argument and then about the payment of this and that, and the whole thing blew up and they had to go back to Manpower. That is what it amounted to. Manpower said they would handle it themselves. That is an unfortunate situation, but Manpower are best qualified.

Let me ask you this question. There was a statement made before this Committee which said that poverty will never be cured without money, and money alone will not cure it. What is your observation? You did not seem to agree with it.

Mr. Hamilton: There is no doubt money cures economic poverty, but it alone cannot cure social and cultural poverty.

The Chairman: Have you come across the problem of female heads of families?

Mr. Hamilton: Yes.

The Chairman: How big a problem is it?

Mr. Long: More so in urban settings, and it is a serious problem, more social and psychological. You know, the economic side of it can be cured through family grants or ultimately we have the guaranteed family income; but the psychological problem exists particularly where there is a male child with no father with whom to identify. Psychologists can probably expand on that much more learnedly than I.

The Chairman: What is their greatest need?

Mr. Long: Of the children or the family?

The Chairman: The family. I am talking about the wife, the woman that may have a child or two.

Mr. Long: In most cases, money. Particularly, I found situations where welfare was not available, where there was an employable man in the house. In other words, if the husband was considered by someone to be employable, regardless of whether or not he could find a job, welfare in places in Canada has been cut off. So, if the father does not happen to be around welfare is available.

The Chairman: No, we are aware of the search for the man in the house and that sort of thing. I am talking about the female head of the household, and you say it is quite a considerable problem?

Mr. Long: The point I was driving to was if money was available to the family in the form of a guaranteed annual income, in many cases there would not be the break-up of the family that we see because of money problems.

The Chairman: That is fine. Let us go from there. What has been your experience about persons who cannot be trained and cannot find work. Have you come across those?

Mr. Hamilton: Are you talking about mental retards?

The Chairman: I am talking about the crippled and about the mental people; I am talking about ill-health, people chronically ill and that sort of thing. Have you come across that?

Mr. Hamilton: We have a handicapped project with one volunteer.

The Chairman: You are not too knowledgeable in that field?

Mr. Hamilton: No.

The Chairman: What has been your experience with people who are working poor? There is the man who works all week as hard as he can. He earns the normal wage in the area, but he has a large group of children and so can't make a go of it. What has been your experience? Is that group large?

Mr. Long: Quite considerable, yes.

The Chairman: How do you help him?

Mr. Long: Organization, the same method we use with everyone.

The Chairman: What do you mean "organization"? What do you organize?

Mr. Long: Improvement in his condition. If you like, I can give you examples.

The Chairman: He is living in a town or city and he is earning the normal wage that a man earns for his kind of work; he has a wife and five small children. How do you help him? What do you do to help him?

Mr. Long: The example I am most familiar with is in a community where the source of support was a sawmill, and the men were being paid between \$70 and \$80 for a sixty to seventy hour week. It was below the minimum wage. They went to welfare for welfare supplements, and welfare said: "You are working full time". The men were confused. Individually they did not have the power to demand their just wage but through organization together they got over this fear and they took the case to the courts and the sawmill was forced to pay them at least the minimum wage and to pay their back wages for that time that they could prove they worked. These men, with large families, in that situation had their economic standard improved.

The Chairman: We will give 25 per cent above the minimum wage, and he is still working a full week and he is still earning \$50 a week, which is the going rate. He still has a wife and five children. What do you do for him?

Mr. Long: Our ACEF programme in Montreal works on the other side of the income question. You have money coming in and you have money going out. ACEF works on the money going out, and they work in an educational sense teaching people about budgeting, about the price of credit consumption, and how people can most economically consume.

The Chairman: Yes, but what can you teach a man or woman who has five children, living in Toronto or Montreal, earning \$60 a week, that they have not experienced and learned through 40 years? What can you teach him about the economics of buying? They have been practising it all their lives and they have not been able to get out of that near-poor class. How do you help them?

Mr. Hamilton: The only thing I can see to help them in the straight economic sense is money. We have no money to give them.

The Chairman: I am asking for ideas. I know you haven't money.

Mr. Vidal: The first thing is to get them to identify the situation, as I raised earlier. We are speaking about training and retraining and about women heads of families. Here we had a problem where you had the whole system saying: "Yes, we are ready to accept women who have to come back into employment". That is very nice, but, as you know, the women have their children at home from the day the schools operate, and the rest of the family when the school operates at night. So how do you fix a flexible schedule in a system where you have ten thousand teachers who have working contracts and so on, and you say: "We are going to change the contract next year. We are going to have it more flexible." How do you now balance it off in saying: "We have to first serve the children who are growing up. The children will replace adults and we have to invest in the future"?

What we try to do in the experiences I have seen is always to have people, even if they have been living on \$60, have them identify the needs, identify the possibilities, and see if they can go further. Can they match the cultural growth with the economic growth? This is what we are trying to do. It is through the identification by themselves of what they are and what are their possibilities, that we have usually succeeded.

Mr. Long: Mr. Chairman, this relates to one of our recommendations contained in the brief, and this is grants to grass-roots organizations. If there is a community where people feel that their economic standard is not what they would like it to be, we would like to see those people organize within themselves and have the money to facilitate that organization in drawing up their own solutions. Their solution might be to turn to the unions, as the electricians and plumbers have done very

effectively. Their solution might be cooperative housing or cooperative food purchasing. But it is their place to draw these solutions, to plan these solutions, and to implement them. The way we can help is by giving them the money to develop their organization which they use to treat their own problems.

Mr. Vidal: The group that we were speaking about that we helped in planning budgeting and buying, how to read contracts and so on, are now thinking of a further phase, that they want to go and work cooperatively and they want now to start buying land and sell it. They have reached another level of identification and of development and of cultural growth. Five years ago you could have asked them and they would say, "No, I am buying this appliance and I am going to pay during the next twenty years", and not even be able to realize if it was a good buy and so on. From then on, learning how to manage a little better with their sixty dollars, they are saying now that they can get more of it and they can take decisions by themselves and cooperatively. I was at their last annual meeting, and now their next scheme is to go and invest themselves. This is a group of people living in a downtown area.

Senator O'Leary (Antigonish-Guysborough): What you are saying is consumer education is not quite as difficult maybe as the Chairman suggested, but that consumer education is possible.

Mr. Vidal: It is difficult. Coming back to women heads of families who wanted to get retraining, they are tied in all day and tied in part of the night. Who is going to supervise the children, because they cannot afford supervision for the children. Some of them have been secretaries five or six years ago, and then they come back and there is a new system and a new machine. The new machines in certain schools are for certain types of students. When is room open for them?

This is done usually through dialogue. Are the school, Manpower, ready to re-group these people, or with our volunteers are they able to re-group them and lead them to Manpower, lead them to the school and have, let us say, a discussion, saying: "Could you not open these schools on Saturday afternoons from 2 to 5, for instance?" It is there, it is in the community, and that is the crux of the problem.

Then you have people who say: "What do they want? Why are they disturbing us? Saturday is a holiday for everyone".

When I speak of the cultural system of a group, I do not mean the people who go to hear quartets or quintets or live with art and so on, but I mean through all the acquired patterns in a group. Again, breaking acquired patterns in developmental growth range is a difficult job, and it creates confusion or a reaction only for a small thing. Anyone who would say: "Sure, we are going to help the fifteen women in this block by opening a school", it is easy; but if you now come to the facts you see that you have tensions which come from all sorts of areas, and in many cases the people say: "Oh, let us go to this course. I don't need it, but it is going".

Senator Fournier (Madawaska-Restigouche): My question is two-fold. I think the first one has just been answered. I was going to give this example, whether the youth here have run into this problem. Let us assume we have two families side by side with five children, living within the region, both with the same salary of, say, \$80 a week (just to make an example). One man is living well, has a little car, a little home, and he has maybe picked up a thousand dollars in the bank—a real Canadian citizen. His neighbour, in the same situation, even the same occupation, cannot make the grade. He is always in trouble, always in debt, and he always has the devil by the tail.

In the answer which you gave, I am satisfied that consumer education is one of the problems there. I don't know whether you have ever followed a woman who has fifty dollars welfare to spend in the supermarket, to see what she buys—the things that you and I cannot afford to buy. I have done it purposely on several occasions, walking at a distance. They just buy it because they do not have to pay for it; they take the best. Consumer education, I guess, would come into this.

The second part of my question has not been touched so far. These two people arrive at the age of 65, retiring age, and they both worked with the same company. The man who has a thousand dollars in the bank and a little home cannot get anything from welfare. He has been told that he has to spend everything. "You must sell your little home, draw every penny you have in the bank, and then come to us". The fellow on the lefthand side

who could not make the grade, if you walked around his place you could find dozens of empty beer cans and bottles. That is the reason he has been poor all his life. At the retiring age welfare is open to him: "Come in my friend, and we will help you out." This has been discrimination all the way which I have fought for the last twenty years. This is nothing new, and I have seen it so many times. I find it most unfair to the man who tried to save a few dollars and made the sacrifice to send his people through education, worked hard, went through a lot of privation. At the age of 65 he has a little home and a thousand dollars in the bank, but he cannot get any assistance; he has got to turn up everything. The other fellow who has been drinking heavily as the days come in, the door is open to him and all he has to do is to apply for it and he can end up his days happily without having a thing to worry about.

The Chairman: What is your answer on that?

Mr. Hamilton: A change in the system is all you can do. It has to be fair for everyone.

Senator Fournier (Madawaska-Restigouche): When you say that change of system...

Mr. Long: The guaranteed annual income that we speak of provides this without that kind of means test. I think the answer is pretty simple.

Senator Quart: Mr. Chairman, may I ask another question, regarding the same person with the same salary, the same everything, the same number of children and the rest of it. Have you had any opportunity of working with these home-makers? I do not think they are set up in every province. I know in Ontario I happened to go there to speak to them on something about the set-up and try to sell our wares there. I had listened to their reports, and since then I have been very interested. It is a government agency, I think. I do not know too much about it, but I think these women go there, and they are paid a certain amount to go for training. Then they come back to their various communities and they are sent there to teach the women of the house, the wife or mother, to cook, to sew, to buy properly, to budget and so forth. From what I gather from their reports—and I believe their reports and I had a chat with many of these women—they really accom-

plish something by passing on their knowledge to the others, and they are not trained people in the sense of the word. Some of them are maybe to high school, maybe not, but they have gone in there and have been paid a certain amount to follow the course, to encourage them to come out at nights to follow the course at Algonquin College here. Do you have any contact with any of them?

Mr. Hamilton: No, we have not.

The Chairman: I do not think you encounter it outside of Ontario.

Senator Quart: I do not think so.

Senator Pearson: You do in Saskatchewan.

The Chairman: Who is doing it, the I.O.D.E.?

Senator Pearson: No, the local community.

The Chairman: It is on a local community basis in Ontario, too.

Senator Quart: Especially in Ontario, I think, they are working very well.

Mr. Long: My comment to that, senator, is that if this is the solution that a community decides it wants to implement, then that is fine.

The Chairman: This is not a solution that comes from the poor. This is assistance to the poor—

Senator Quart: Yes.

The Chairman: By experts and trained people.

You are being invited back to this Committee to give further evidence. We are very happy with what you have done so far, you have done very well, but this is just a preliminary run, you know. We have got to have some more precise views from you people. You are out in the field, and individual cases are interesting but they do not prove very much.

Senator Pearson: Unless you get a number of them.

The Chairman: By all indications, we have 20 per cent of our population below the poverty level. 20 per cent of the population is about four million people. Approximately 25 to 30 per cent of that is in the disadvantaged people—the crippled, the blind, the compensation cases, the fellow who cannot work

because he is ill and you cannot train him, who cannot do anything, he is out of the main stream of life in that sense. Fifty per cent of the people—and this you people seem to have missed for the time being—who are below the poverty level belong to the working poor, the fringe poor. They are a very important segment, because for them you can do much and they can do much for themselves.

Twenty-five per cent or twenty per cent are in the "hard core"—the born loser that Long talks about, who is always failing in things, and who are almost inherently in poverty. You know them. We want to hear from you about these people in these categories, and there may be others. We would like to make sure that you get out in the country and put some emphasis on these categories so that you can come back to us and tell us what you think should be done with these various people.

You see, Mr. Long, the Committee here is an understanding one, but it is not easy to sell to us or to the Canadian people that the ethics of work is something that we must turn aside. We are not ready for it yet, and the country is not ready for it. If you try to sell it to the Canadian people on the basis of your failure to recognise the ethics of work and at the same time talk about guaranteed annual income, you confuse them completely to the point where they say: "They want everybody to recoup a certain amount of money and they do not want to work."

Mr. Long: This is why we would like to come back to explain further.

The Chairman: You have got to come back, and you have got to do a more convincing job; not that you didn't do well, but you have got to do some clarification.

Senator Quart: I think you are wonderful.

The Chairman: You have got to help us out on this.

Senator Quart: You have told us the truth.

Mr. Hamilton: Can we re-invite you to visit and talk with the poor, the people in poverty?

The Chairman: You do not have to invite us to do that. The first day we started we made plans to see the poor. In any event, Mr. Joyce, our director and his staff are in contact with you constantly and know what you are doing. We will see the poor, don't worry about that.

Senator O'Leary (Antigonish-Guysborough): I think he said the core.

The Chairman: No, the poor. We will see them, but it is not as easy as you put it. You have got to do some planning on this, because there is no use seeing the poor when the thing is arranged.

Mr. Hamilton: This is what we want to avoid.

The Chairman: I have been seeing the poor for forty years, and I know what it is all about, and so do a lot of these senators. We have some experience.

Any other questions, or anything you want to add? If there are no further questions, I want you to know that we appreciate your coming here this morning. While we may not agree with what you have said, you have said it, and that is important.

Senator Quart: That is it.

The Chairman: And it is about time people started to talk. We are trying to involve and interest the Canadian people, and presentations like yours will help start a controversy and a dialogue. Thank you very much.

—The Committee adjourned.

APPENDIX "D"

INTRODUCTORY REPORT
TO THE SENATE COMMITTEE
ON POVERTY*Index:*

- a) Company's Terms of Reference
- b) What is Poverty?
- c) Philosophy of Poverty and the Welfare System as it Now Exists
- d) What Could Happen
- e) Our Recommendations
- f) Political Roadblocks
- g) Summary

A) The Company's Terms of Reference:

The Company of Young Canadians is a Crown Corporation whose job is to create social change. This is done by making people aware of their rights and helping them organize to make full use of the democratic structure in their attempt to achieve their rights.

It is important to say that the Company at no time decides what a community, or part of a community, will or won't do. We believe that people in a community are more aware of what problems exist and what their needs are. Our job, in this context, is to offer these people a number of alternate ways besides their own in which their problems can be solved and then help them organize to implement the method they choose.

The people we work with are Canada's poor—in the social, cultural and/or economic sense. In British Columbia, the Company is involved in public housing and the inhabitants of such housing—the majority of them women trying singly to raise a family. We work with Natives and Métis in Canada's north, which includes the northern regions of British Columbia, Alberta, Saskatchewan and Ontario, as well as the Northwest Territories. In major centres like Vancouver, Calgary, Toronto, Ottawa and Montreal, our volunteers are immersed in the separate world of the city-core dwellers, and involved in the struggle over urban renewal.

The heart of the Company is our volunteer body. At present, we have 195 volunteers and they constitute a thorough cross-section of Canada's youth. We take our volunteers and place them, generally, in environments that are totally foreign to them, and, they are expected to adjust. We pay them approximately \$200 a month.

The above then, briefly, is the Company's method of work and places of work. The opinions that we will be forwarding come from our volunteers, and more important, from the communities where they are working.

B) What is Poverty?

In its fifth annual review, the Economic Council of Canada defined poverty in the following manner:

"In developed industrial societies the problem of poverty is increasingly viewed, not as sheer lack of essentials to sustain life, but as sufficient access to certain goods, services, and conditions of life which are available to everyone else and have come to be accepted as basic to a decent minimum standard of living".

We agree with this and see three kinds of poverty—social, cultural and economic intermingling to form problems so complex that the programs instituted by governments and agencies in the past were predestined to be failures.

C) Philosophy of Poverty and the Welfare System as it Now Exists:

Economic poverty is the commonly accepted version; it has been documented and studied extensively; there should be no need to convince any intelligent Canadian that it exists, is widespread, and is totally unacceptable. The causes of economic poverty are debatable and we will be presenting it at a later time.

Poverty is more than an economic fact of life with which the poor must live—it is in fact a way of life imposing cultural and social patterns as well as material hardship. The imposition of the cultural poverty necessarily destroys the culture that existed in better times. Thus the Canadian Native and Eskimo people who have fallen victim to our economic system have lost far more than their livelihoods and relative wealth of past years. They have also lost much of their cultural riches, values, religions, languages, arts, and self-esteem. The loss stems not from any inherent flaws in those cultures, but because when poverty is imposed as a way of life, it allows

no deviants from its own cultures. There is no inherent flaw in the Native value of co-operative living, but when a Native is forced by economic circumstance to compete against his many fellow Natives for the few available dollars on the reserve, the old value is doomed. When Native children are not rewarded in school for using their own language, then that language is doomed. When there are no more dollars on the reserve and the father moves to the city, he leaves behind his cultural as well as his economic limitations. Nor is the old cultural wealth easily regained when economic wealth has returned.

The most obvious effect of a life of poverty on the personality is that the poor soon become conditioned to failure. When a man has failed in school, failed in marriage, or failed to hold a job—whether those failures arise from the man or his condition—he soon comes to expect failure. Not that failure becomes easier to accept. The poor simply quit putting themselves in situations where another painful failure can occur. A man who has lived a life of poverty cannot be expected to jump eagerly at a “chance” to alleviate his situation—retraining programs for example. To him it is often just another chance to fail and destroy what little pride may be left. This phenomenon has been one of the greatest sources of disillusionment to the past league of do-gooders.

Expectations, one of man's most basic motivations, are first learned in the family, and if continued failure is the expectation, then its just the rare child who sets his ambitions higher. Thus does poverty pass from father to son and becomes self-perpetuating. Herein is also one of several major distinctions between poverty as we know it today and depression poverty of the thirties. Poverty then was for most a recent imposition. It was recognized then as a failure of the system—not of the men who suffered. The poor could retain their pride and their expectations for better things to come, and consequently kept trying. Today's poor have typically been born into poverty, as were their fathers and often their grandfathers. Our self-satisfied affluent society constantly reminds them that it is their own personal failures as men and not a failure of the system that has created their condition. Failure destroys pride, repeated failure creates an expectation of failure, and expectation of further failure is hardly conducive to muster the world to try again.

A second major difference between poverty of the sixties and of the thirties is that poverty must be seen as a relative condition. A poor man in a poor society is far different from the poor man in a rich society. Though their bellies may be just as empty, the latter suffers a poverty of the spirit unknown to the former. Unlike his predecessor of the thirties, the poor man in the sixties accepts the larger society's attitude that the system is the success and he is the deviant. Furthermore, the depression poor related their condition to a society that viewed with their own eyes. Today's poor must relate their condition to an image of society dangled before them on a twenty-one inch screen. No control can dim the contrast between the advertiser's dream and the viewer's reality, and that ever widening gap is a discouraging force.

Our current welfare system does more to perpetuate poverty than to alleviate it. It does so by creating and reinforcing the total dependency of the recipient upon the agencies which support him. The agencies make the rules and set the conditions. The recipient, in return for a guaranteed subsistence in poverty, gives up his independence, his responsibilities, his pride, and his self-determination. With his life so totally divided up, parcelled out, programmed into regulations, and ruled from the mysterious labyrinth of the bureaucracies, is it any wonder that the poor man ceases to function as a man and is soon incapable of independent action. Our welfare system is not saving or even aiding lives—it is dividing them up and buying the pieces.

Even those programs which purport to be rehabilitative, inadvertently function to keep the poor in their place. How many hair dressers, barbers, and heavy equipment operators does this country need? Will our expanding technology demand that we retrain these people every few years? There seems to be few jobs available for the graduates of these programs today, and indeed this is even with a great many not graduating. Why do our so called rehabilitative programs train people for the more menial jobs and ignore the development of their minds? For example: the poor themselves, are the most experienced and knowledgeable experts on what poverty is all about. Yet the poor are never paid to study poverty, are never paid to sit on committees and discuss it, are never paid to research it, and are never paid to administer poverty programs. One glaring concrete example is a Newstart program set up two years ago in an

area heavily populated with Indians and Métis living in extreme poverty. After a year and a half of operation the program had built up a staff of forty-seven middle-class professionals, and trained a total of twelve people (including one Indian). If research is the goal of such programs, why don't they train the poor to be the researchers? Filtering "poverty money" down through the bulging ranks of the professionals in hopes that may eventually reach the poor, is like feeding the horse to feed the sparrows.

D) What Could Happen:

These types of welfare and the underlying reasons for them put Canada's poor in positions that only drastic moves can ever hope to eradicate. One reason why moves have to be drastic is that the poor generally don't trust many going concerns in this country.

For the first time, the poor fully realize that they are treated like sub-humans except when expediency demands otherwise. For example, during elections, at all political levels, a great deal of time is spent dreaming up plans for helping the poor in order to woo the poor vote—a substantial bloc. Once the election is over, though, the poor are expected to stay quiet and forget the promises.

We are not trying to be unduly harsh on politicians, but we refuse to sanction the ways this group has used the poor to meet its own ends. What is almost as sad is that this group, in many cases, actually believes it has made some progress in solving poverty. Self-deception of this nature is dangerous.

It is important for this committee to realize that the poor are not accepting rationalizations anymore. They are a frustrated minority that is growing more militant daily. They are starting to organize and make use of their numbers. Two years ago there was very little of this type of action in Canada, but now it is becoming common. People are blockading bridges; fighting city hall; making elected representatives answer to them; and finally recognizing that they are the people best suited to handle the problems of poverty.

The government must act quickly. Canada's poor want to achieve change in their lifetime. They want to experience progress. They want to perceive equality. They must sense hope for the future of their children. If this is impossible, or if this happens too slowly, then they may turn to bitterness, hatred and violence and we will all have to accept the consequences for our inaction.

What's happening now is not going to disappear or be bought off. It's growing and will continue to grow, aided by idealism and total support of our young people, long disgusted with the hypocrisy and cynicism of society. The poor are beginning to make noises and experiments with things they never knew they had—like power. They are not content to wait for things to happen to them, they intend to initiate.

E) Our Recommendations:

1. The first thing the Company urges is that the Senate Committee on Poverty take it upon itself to experience poverty. Sitting in a committee room and listening to so-called experts is an intellectual exercise, nothing more. Even if you bring poor people before this committee, you are doing nothing to earn their trust—for what you are saying in effect is, "certainly we care about poverty, but not enough to come and experience it first-hand". You are, as well, moving them into a foreign environment. Also, touring slums in groups and being accompanied by bureaucrats or private agency people is a sure way of the committee seeing what the bureaucrats and agencies want the committee to see.

We tell our volunteers that they cannot understand until they experience. We tell them that if they hope to help create change in a slum, then they must live there and find out what life can be like. We are saying the same thing to you. Unless you are willing to visit and talk with the people, it will be impossible to understand and impossible to make recommendations totally meaningful to the poor.

If this committee wants the trust of the poor and if it wants to see what poverty really is, then committee members must visit poverty areas as individuals. Talk to the poor on their home grounds. If you are committed to solving our poverty problems, surely this is not too great a request to make.

The Company offers all the help it can get in this regard. We can tell you where to go and how to act. Our volunteers will help in any other way they can.

2. Our second recommendation is that a guaranteed national income be instituted. We have talked of poverty in an economic, cultural and social sense. The guaranteed national income is the only logical way we see of dealing with it in the economic sense. At present, government funds are going to the fish refinery instead of the fisherman; to Indi-

an Affairs instead of the Indians; to agencies instead of the people. Change the flow. The only cure for economic poverty is money. And there is only one place from where the money can come, from those who have it. This could mean the restructuring of our tax and economic bases, but if this is the only way to end economic poverty, then it must be done.

3. Our third recommendation is that funds be allocated to communities directly for social and cultural development, and that these funds be controlled by that part of the community for whom the development is necessary.

Up to now, piece-meal programs for the poor have been imposed by governments and manipulated by agencies. These programs were welcomed, of course, for they were the only alternatives available. The time has come to say that these programs have failed and that an entirely different approach must be adopted.

It is commonly accepted that people in poverty circumstances are unemployed because they are unskilled. Yet, they are our most skilled people in the field of poverty, having years of experience in the field. Why not admit that they might know what their problem is and how it can be solved.

We envision a community group, with proper elected representation, submitting to the government a plan for development in the community. Funds for these programs must be allocated directly to the consumer or client. Be wary of the vested interests—the agencies, the churches, the community hierarchies, and those that say they represent the people. One must make sure that the program comes directly from the people.

We also believe that all agencies and governments must stay out of the approval and clearance levels. Use people, in similar circumstances, from other communities to come in and check the feasibility of proposed programs. This starts a knowledge process—the exchanging of ideas, and is likely to be the most honest and understanding appraisal.

These checks will also be good for those travelling. A static environment kills—the poor must be able to see how other communities live. Mobility is a learning process.

The Company sees this last recommendation as the only step really possible for the effective dismissal of social and cultural poverty. It, on one hand, lets people in communities determine their own fate and their own life style, the basis for any lasting effect. On

the other hand, it eliminates imposed and manipulated programs and would result in the cutting down and/or removal of agencies currently in these fields.

Having control of your own life is a frightening thing to many people. Most lack confidence and are afraid to move out on their own. At present, agencies use this against people by offering them dependency, but little improvement and no change.

We feel that piece-meal programs have been failing for years and will always fail. There are competent grass-roots organizations now, and more are developing, that are fully capable of implementing the type of approach we have suggested. If it succeeds, you will have an independent, free-thinking, responsible group of people who won't need that much help again.

F) Political Roadblocks:

We believe that governments and agencies at all levels must let go of their control over the poor by giving them responsibility and funds. We are aware though that this will be difficult for the federal government, for one, to do, and we would like to tell you what would affect the government's thinking on this recommendation:

1) Many people in government, and outside, believe that poor people are totally incapable of helping themselves. This is believed in spite of the fact that the poor are trusted to elect and re-elect our Members of Parliament. We have mentioned previously the competent grass-roots organizations that exist. We urge that the trust and confidence placed in government by the poor be returned. It must be a two-way street.

2) Then there are people who know the poor are capable of helping themselves but are afraid that the poor will succeed. At present, the poor are supporters of the status quo because of their dependence on it. If given responsibility and freedom, they may reject the status quo and this could lead to changes of a sheer political nature. The poor have been classified as non-voters for years, but we believe as their concern and involvement grows so will their political awareness.

3) The government must also be prepared for a tremendous backlash from private and governmental agencies. The agencies are powerful and have convinced themselves that they are fighting for the poor. This is paternalism in its rawest form and its doubtful if the agencies, and the supporters of agencies,

will feel the poor can succeed better than they—the experts. The Appeal, or whatever you want to call it, is an example. The Appeal raises money based on what it can raise, not what the needs are. It is that annual time of year for a great many businessmen to lend their conscience-time and give their conscience-money to the community. The Boards of the Appeals consist of people who know nothing about community problems, yet they determine where money goes. And in the process prevents stronger action by governments by simply existing as an excuse for a lack of government intervention.

G) Summary:

The field of poverty has been studied before. In fact, studied is too light a word. It has been dissected by several governments, many agencies and thousands of university students. The results from all these studies? Nothing. Poverty still exists and poverty is still a disgrace.

There are many in the Company who feel the time for study has ended and the time for action is here. A great many of the poor feel the same—patience has no place on their timetable. They feel they have been patient long enough. They have allowed agencies and governments to experiment on them and have watched program after program leave them as they were—adding only to their disillusionment. They are becoming more unwilling daily to accept this way of life. We can't blame them.

The Senate Committee on Poverty has a difficult job, even under normal circumstances, and, in these days normal circumstances seldom prevail. The Committee is faced with the job of attaining the trust of the poor, but at the same time not slapping at all those who have been trying to help, however clumsily and misguided their attempts have been. It becomes a matter of choice. A choice the Committee must make. It will either go to the

poor, or it will listen to those who make their living from the poor.

The poor are faced with the realities of life. They care not for debates on the constitution or constitutional amendments. They don't care whether housing is either a municipal, provincial or a federal responsibility. The rats under their floorboards are their immediate concern. This is the concern the Committee must address itself to.

The Company of Young Canadians does not speak for the poor. The poor can speak and act for themselves. We simply ask you to give them that opportunity. If you are unable or unwilling to do so, then this Committee will complete a study that will be like all other previous studies. And, poverty will continue as it has continued until the poor decide to take the matter into their own hands. The days of quiet deliberation and sober study will then be over.

We are not saying all experts and agencies are worthless. But we are saying that there is a drastic need for many of them to adjust to the new feeling among the poor. We believe many of them will be capable of doing this.

There will always be a need for experts and always a need for professionals supplying a service. And, by all rights we should be providing the finest training possible and attracting the best people we can for the humanity fields.

The important thing to remember, however, is that the professionals should be there to supply a specific service upon request, and not trying to cure poverty. The cures can only come from the people involved. The services, of course, can make the cure that much easier to attain.

This role of facilitator, instead of leader, is an important contribution that the professionals can make. It means a change from their present role, but a change which could bring beneficial results.



First Session—Twenty-eighth Parliament

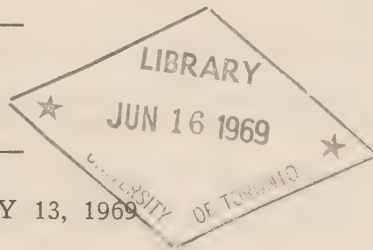
1968-69

THE SENATE OF CANADA
PROCEEDINGS
OF THE
SPECIAL SENATE COMMITTEE
ON
POVERTY

The Honourable DAVID A. CROLL, *Chairman*

No. 5

TUESDAY, MAY 13, 1969



WITNESSES:

From the Department of Regional Economic Development: Mr. W. J. Lavigne, Assistant Deputy Minister (Incentives), in his former capacity as Commissioner of the Area Development Agency; and Dr. E. P. Weeks, Assistant Deputy Minister (Implementation), in his former capacity as Executive Director of the Atlantic Development Board.

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman*.

The Honourable Senators:

Bélisle	Inman
Carter	Lefrançois
Cook	McGrand
Croll	Nichol
Eudes	O'Leary (<i>Antigonish-Guysborough</i>)
Everett	Pearson
Fergusson	Quart
Fournier (<i>Madawaska-Restigouche</i> ,	Roebuck
<i>Deputy Chairman</i>)	Sparrow
Hastings	

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Mada-waska-Restigouche*), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

TUESDAY, May 13, 1969.

Pursuant to adjournment and notice, the Special Senate Committee on Poverty met at 9.35 a.m. this day.

Present: The Honourable Senators: Croll (*Chairman*), Cook, Fergusson, Fournier (*Madawaska-Restigouche*), McGrand, O'Leary (*Antigonish-Guysborough*), Quart, Roebuck.—(8)

In Attendance: Mr. Frederick Joyce, Director of Research Staff of the Committee.

The following briefs were submitted: (a) A brief on the Work of the Area Development Agency Program Assessing its Impact on Poverty. (b) Submission by Atlantic Development Board.

On motion:

Ordered—That the above mentioned documents be printed as Appendices "E" and "F", respectively, to this day's proceedings.

The following witnesses were introduced and heard:

Mr. W. J. Lavigne, Assistant Deputy Minister (Incentives), Department of Regional Economic Expansion, in his former capacity as Commissioner of the Area Development Agency; and

Dr. E. P. Weeks, Assistant Deputy Minister (Implementation), Department of Regional Economic Expansion, in his former capacity as Executive Director of the Atlantic Development Board.

(Biographical information respecting the witnesses follows these Minutes.)

At 12.35 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

E. W. Innes,
Acting Clerk of the Committee.

BIOGRAPHICAL INFORMATION

Mr. W. J. Lavigne was appointed Commissioner of the Area Development Agency for the Department of Industry in November 1963. He is a graduate of the University of Toronto and served as Captain with the Royal Canadian Army Service Corps from 1942-45.

Prior to joining the Department of Industry, Mr. Lavigne was associated with the Shawinigan Water and Power Company in Montreal. During his years with that Company, he held several senior posts: one for several years as Manager of the Industrial Development Department. He is a former Director of the Community Planning Association of Canada and the Agricultural Institute of Canada, Past President of the Industrial Commissioners Association of the Province of Quebec and Member of the American Industrial Development Council.

Mr. Lavigne has recently been appointed Assistant Deputy Minister, Incentives Division of the new Department of Regional Economic Expansion.

* * * * *

Weeks, Ernest Poole: Born: Mount Stewart, P.E.I., Jan. 12, 1912; Educated: Mount Allison University, B.A. (Honours in Economics), 1933; N.B. Rhodes Scholar 1933; Oxford University, M.A., B. Litt., D. Phil; April 1, 1969: Assistant Deputy Minister (Implementation), Department of Regional Economic Expansion; Mar. 1, 1963, Executive Director, Mar. 31, 1969, Atlantic Development Board; 1954-63, Director, Economic Studies Branch, Department of Public Works; 1951-54, Director, Economics and Statistics Branch, Department of Defence Production; 1950-51, Acting Director of International Trade Relations, Department of Trade and Commerce; 1948-50, Executive Assistant to Assistant Deputy Minister, Department of Trade and Commerce, and member of Cabinet Secretariat, Privy Council Office; 1946-48, Head of Area Studies Division, Economic Research Branch, Department of Reconstruction and Supply, and in same Division when transferred to the Department of Trade and Commerce.

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Tuesday, May 13, 1969.

The Special Senate Committee on Poverty met this day at 9.30 a.m.

Senator David A. Croll (Chairman) in the Chair.

The Chairman: I call the meeting to order. We have a quorum, I thank you very much for coming here this morning when the Senate is not in session.

This morning we have with us representatives of the Department of Regional Economic Expansion, the ADB, ARDA and FRED—the meanings of which will be given later—and appearing before us are: Mr. W. J. Lavigne, Assistant Deputy Minister, Incentives Division, Department of Regional Economic Expansion, who appears in his former capacity as Commissioner of the Area Development Agency; and Dr. E. P. Weeks, Assistant Deputy Minister (Implementation), Department of Regional Economic Expansion, in his former capacity as Executive Director, Atlantic Development Board. We also have with us Mr. André Saumier, Assistant Deputy Minister (Programming), Department of Regional Economic Expansion, in his former capacity as Assistant Deputy Minister, Rural Development Branch, Department of Forestry and Rural Development.

You have both Mr. Lavigne's and Dr. Weeks' briefs. You have also Mr. Saumier's brief, which came in yesterday in French only. We are having it translated, and it will be ready some time this afternoon. Consequently, we will not hear him until Thursday, although, as I say, copies of his brief will be available to you this afternoon.

It is intended that the brief presented by Mr. Lavigne, on the work of the Area Development Agency program assessing its impact on poverty, will be put on the record. Is that agreed?

Hon. Senators: Agreed.

The Chairman: And the brief of Dr. E. P. Weeks, entitled, "Atlantic Development

Board Submission to the Senate Committee on Poverty", will also be put on the record.

Hon. Senators: Agreed.

(For text of briefs see Appendices "E" and "F")

I will not put Mr. Saumier's brief on the record today, because if I did we would have another translation problem, so I will leave it until Thursday, by which time I will be able to include it in the record.

Senator Fergusson: Are the witnesses going to make statements?

The Chairman: Yes. We will start with Mr. Lavigne; he will make an opening statement, and then you will question him. Then Dr. Weeks will make an opening statement and you will question him.

Mr. W. J. Lavigne, Assistant Deputy Minister, Incentives Division, Department of Regional Economic Expansion: Mr. Chairman and honourable senators, I wish to say how honoured I am to be invited here and to have the opportunity to provide you with some of my observations in regard to the Area Development Agency program and the implications that it has had in regard to area and regional poverty.

I might say at the outset that the program was not focused on the problem of poverty but, rather, on the problem of unemployment. You will recall that in the late 1950's we were in a recession and all governments were concerned with the high levels of unemployment, which in 1961 was some 7.2 per cent, on the average, nationally, which is to say that in some areas of Canada it was much greater. So, in 1963 the incoming Government introduced a new program focused on the problem of alleviating unemployment in certain areas of Canada; and in the late summer of 1963 the Government introduced not only the new Department of Industry but, within that department, the Area Development Agency with a program of tax remission in order to induce industry to locate in what

were then called depressed areas of the country.

At the time it was decided to identify the areas that would benefit from these incentives by looking at high levels of unemployment during the summer season, because it was thought that if unemployment was high during the summer, a time when in Canada it should normally be low, then certainly the areas so identified needed some assistance to attract industry to provide jobs for the unemployed. So, criteria were developed for those areas where there was an excess of unemployed people from May to October. The incentives that were offered consisted of a three-year tax holiday and accelerated capital cost allowances on machinery, equipment and buildings.

Senator Fournier (Madawaska-Restigouche): May I interrupt to ask for an explanation of a tax holiday? I read that, but I did not know what it meant.

Mr. Lavigne: This is a remission of corporate income taxes. In other words, a company going into commercial production would have three years in which it would not have to pay corporate income tax.

Senator Fergusson: Is it always three years?

Mr. Lavigne: It was, yes. It was discovered that 35 areas across the country qualified, all of them except one being east of the Great Lakes. The one west of the Great Lakes was the Blairmore area in Alberta. I might mention that when I speak of areas in this context I am speaking of National Employment Service areas. These were areas set up by the National Employment Service in which they had an office to service the unemployed people and, if possible, to find them jobs.

The program went on for two years from 1963 to 1965, when the Government decided to review the program because it was felt that, although almost 300 companies had taken advantage of it and had located plants in many of these 35 areas, the incentives were not all that they might be. Certainly there were more than 35 areas across the country that required this type of assistance, and it was felt that the incentives were not doing the job. New companies starting up in business are rarely profitable in the first three years, so many companies were not really deriving any benefit from the incentives because the heavy requirements for training, working capital, and building a mar-

ket for their products, did not permit these companies, particularly the smaller ones, to take advantage of the incentives.

So, in 1965 we were called upon to review the program from top to bottom, and propose what we thought might be changes or improvements to it. In late 1965 the Government introduced a new program of incentives for what were now to be called "designated areas" across the country. Again, the main focus was on employment. However, the basis for the criteria was changed in that we not only took into account the high rates of unemployment, but also such matters as low non-farm family income and the distribution of income, and in this way I submit we were concerned to some extent with the matter of poverty.

Senator Roebuck: What were the Government's new incentives that were introduced in 1965?

Mr. Lavigne: These consisted of cash grants. The three-year tax holiday was done away with, and the Government introduced a program of cash grants. The formula, which was included in the legislation, was that there would be a cash grant of 33½ per cent on the first \$250,000 of investment in fixed assets, 25 per cent on the amount between \$250,000 and \$1 million of investment, and 20 per cent on the balance of the investment in fixed assets, up to a maximum cash grant of \$5 million.

In addition to these cash grants—which were tax free, because they were not deducted from the amount on which a company calculated its depreciation, the Government also offered accelerated capital cost allowances amounting to a straight-line 50 per cent on machinery and equipment, and 20 per cent on buildings. This, I might say in passing, represents for an average company a cash grant of between 5 and 15 per cent of fixed assets—depending on the profitability, of course.

So, the Government in this case was offering a very generous grant to incite industry to locate in some 65 areas that were identified across the country and in every province. The program has now been running for almost four years, and the prospective investment to date in new plants in these areas is some \$2.612 million, and the number of jobs amounts to some 65,000.

I should go back to the criteria because I was talking about them when I was asked the question about incentives. The criteria are based now not only on unemployment but on

income and income distribution. We no longer deal with a labour surplus during the summer months, but with an average rate of unemployment throughout the year and over a five-year period. We not only take into account the immediate rate of unemployment but we are looking at the trend of unemployment since we use a five year period.

The Chairman: You are referring to Table 3, are you not?

Mr. Lavigne: Yes, I am, senator.

The Chairman: What you are saying is that from 1963 to 1969—a little less than six years—the number of job opportunities amounted to 65,035?

Mr. Lavigne: Yes.

The Chairman: And the cost in the way of grants was \$335 million?

Mr. Lavigne: Yes.

The Chairman: That is the Government's outlay?

Mr. Lavigne: Yes, and the investment was \$2.6 billion in new plant.

The Chairman: But that is private?

Mr. Lavigne: Yes.

The Chairman: There was private investment of \$2 billion for \$335 million in grants and tax holidays?

Mr. Lavigne: No just grants—we do not know the cost of the tax holiday program.

The Chairman: And as a result of that you say we got 65,000 jobs that you can definitely identify over that period of time?

Mr. Lavigne: That is right, Mr. Chairman. I might point out that when I say the estimated values of the incentives was over \$335 million, that in so far as the tax holiday is concerned we would have to take the estimate that the companies gave us. We have no way of identifying what the value of the tax holiday would be to a company. We could only accept the estimate that they gave us, so that this figure would not be accurate.

The Chairman: Well, the grant figure is accurate?

Mr. Lavigne: Yes.

Senator Fournier (Madawaska-Restigouche): You say that there were 65,000 jobs created

in the 65 areas across Canada. How do you count these new jobs? Let me give you an example to make my question clearer. Suppose there is a small industry with 50 employees which expands because of your assistance so that it has 75 employees. In such a case do you count 25 new jobs, or 75 new jobs?

Mr. Lavigne: There are 25 new jobs. Again, for the most part, the employment that is indicated here is an estimate given to us by the companies of the number of people they are going to employ when they applied for a grant or a tax holiday. We only take into account the new jobs in the plants, not the jobs that might be developed in the tertiary sector or in the service industries. As you know, for every plant job created up to three jobs in the service industries may be created; the more in plant jobs that are created in the community the more tailors, gas station operators, barbers and so on are required; the effect snowballs.

The Chairman: Looking back at that table, how do you explain the disproportionate results? For instance, the value of the incentives in New Brunswick was approximately \$40 million; the value of the incentives in Ontario was approximately \$40 million. Yet the number of jobs in Ontario were 16,000 and the number of jobs in New Brunswick 7,000, about half that number. It cost you twice as much to get a job for people in New Brunswick as it did in Ontario.

Mr. Lavigne: This is a very important question. It is dependent on the type of industries locating in the area. In New Brunswick it was a heavier type of industries. For instance, at Belledune Point the New Brunswick Mining Smelting Corporation set up a chemical complex consisting of a smelter, sulphur plant and fertilizer plant. You will recall I said the maximum grant that was paid for any one new facility was \$5 million. If you get three large chemical plants at \$5 million a piece, that is \$15 million, yet a chemical plant tends to be a capital intensive operation with a lot of automaticity in it. We had this experience in New Brunswick, where large plants were set up that were capital intensive, which qualified for high grants, while in Ontario a large number of smaller industries were introduced into designated areas, which were eligible for a smaller rate of grant, but which on the whole employed more people.

In the brief you will notice reference to Brantford, which was designated for only one

year, from 1965 to 1966, 23 projects were put into place; there was \$24 million worth of new capital investment in new plants, and 1,900 jobs were created in those 23 projects. That was because of the number of small plants employing a lot of people that went into the area, and it was designated for only one year. This is true of Cornwall and St-Jean, Quebec, while in New Brunswick we had pulp, paper, smelting and larger types of operations that are capital intensive.

The Chairman: Let us take a look at Manitoba, with an estimated grant of \$31 million, which is 25 per cent less than New Brunswick, with less than half the number of people employed.

Mr. Lavigne: Again very much the same applies. It depends on the type of industry you attract into the area. If my memory serves me right, there were at least two large industries that were capital intensive, a very large fertilizer plant, which was quite automated, and a distillery, which except for the bottling line employed very few people. Yet this type of plant qualified for a maximum grant of \$5 million. This is really the answer the whole way through the piece.

The Chairman: While we are on this point, would you say that if you had not injected yourself into the picture with the programme, the area would not have picked up in any event?

Mr. Lavigne: I would say that the programme was very effective in most areas that were designated. I would like to give you the example of Southern Georgian Bay, which may be an exceptional example of the effect of the programme, but in any event it shows how effective such a programme can be. It must not be forgotten that the value of the incentive now offered by the government for industry to locate in one of these areas approximates 40 per cent of the capital cost of a new project. This is very generous. Southern Georgian Bay consists of three administrative areas of the Canada Manpower Centres, they were designated in 1965, consisting of Midland, Owen Sound and Collingwood. I am sure most of you ladies and gentlemen recall that this part of Ontario really had a stagnated economy, in that for many years there was no industrial activity. The economic base was roughly wood industries and shipbuilding and repair, which was in decline. The area was not attracting any new

industry and there was a great deal of unemployment.

Senator Roebuck: There was some furniture manufacturing.

Mr. Lavigne: Yes, there was some furniture manufacturing; that is true, sir. The area was designated in 1965 and the government designated it—if I can use that term—in late 1967. Last year we had an impact study done on this area. I must confess, I think it was a little early to do an impact study, because since the area was de-designated only in 1967, the companies were given an extra year by the government to come into commercial production in order to qualify for grants, so it was a little early to do an impact study in 1968. However, we hope we will be able to follow up on the original impact study and continue to see how the effect of this programme will develop into the early 'seventies.

I should like to point out that in these three areas in Southern Georgian Bay some \$80 billion were invested by private enterprise in new plants, and this has meant the provision of over 2,000 jobs in these three communities and the surrounding area. The new investment in plants in this area has been closely linked to the motor vehicle industry and the electronics industry.

The Chairman: Are you talking about parity, which seems to be a popular word today?

Mr. Lavigne: There has been some talk of parity up there. Unfortunately, this does not help the situation. It is true that the new industries were mostly related to the motor vehicle industry and the electronics industry. It is interesting to note that the annual wage in these new plants is almost 1,300 higher than the normal level of wage paid in plants in that area previously. In other words, not only did the program create over 2,000 new jobs in these communities, but it raised the wage levels some 1,300 a year.

The Chairman: That is because they unionized in that area.

Mr. Lavigne: Exactly. Not only did the plants come in, but the unions came in also. As a consequence, not only did the new plants have to pay going wages, but the existing plants that were there before had to review their wage policies and bring them up to par.

Senator Roebuck: You may have made it possible for them to pay those wages.

Mr. Lavigne: I suppose there was this effect too. I might say, in the case of Ontario and particularly the southern Georgian Bay as well as Windsor, Chatham and Wallaceburg, that were also designated for a short period of time the automotive program along with ADA made an effective combination. Motor car companies decided to put in new facilities in Canada in order to take advantage of the automobile pact as well as the ADA programme. This is true in Ontario, but not necessarily relevant to other provinces.

In any event, it is estimated that by 1970 the ADA program will have produced some 5,000 new jobs and a payroll increment in excess of \$20 million in the southern Georgian Bay, which in an area that for at least a decade or two, previous to designation, was not going anywhere. I think we have to admit that the effect of the program was certainly telling when we consider the figures that this impact study has turned up.

The Chairman: Have you got anything of a similar nature outside of Ontario, which was perhaps the one province that could have lived without this aid, although it profited, we must admit, it got good results. What about the other areas?

Mr. Lavigne: Mr. Chairman, we sponsored an impact study in New Brunswick and another one in Newfoundland. I suppose these are the types of provinces you have in mind.

The Chairman: Yes.

Mr. Lavigne: Unfortunately, the people who went about the impact study did not go about it in the same way or they did not use the same methodology. Professor Larsen from the University of New Brunswick who undertook the impact study in New Brunswick went about his job in a slightly different way. In the southern Georgian Bay we were dealing with a population of something over 100,000 people in the areas that I named. In New Brunswick Professor Larsen was looking at the program in relation to a population of over 600,000. In think we have to admit that when you look at a program of this kind, in relation to a very large population of that kind, the effects are certainly more diluted. The program in New Brunswick had the effect, because all of New Brunswick except Fredericton and Saint John were designated, the program had the effect of dispersing some 49 plants throughout the province.

Senator Fournier (Madawaska-Restigouche): Mr. Chairman, the witness just mentioned

that Fredericton and Saint John were not selected as designated areas. For three years they fought for it and they were denied that. It was only up to 30 days before a general election that it was designated.

The Chairman: You are not suggesting, are you, Senator Fournier,...

Senator Fournier (Madawaska-Restigouche): I am not suggesting anything; I am thinking. I am mentioning facts.

Mr. Lavigne: Mr. Chairman, if I may add something to what the senator said. It was on April 28, about a month ago, that the Government designated Halifax, Saint John, Dartmouth and Fredericton; the four cities. The fact is that last June, Mr. Trudeau, in his speech—I think it was in Halifax—promised that these four communities in the Atlantic provinces would be designated. As I say, it was a month ago that the Government designated them. Mr. Marchand, our minister, designated the four communities by authority given to him in the new legislation, setting up the Department of Regional Economic Expansion. I must say, senator, that you are right in this respect. We are taking into account all applications and all projects for which we received applications since last September 25, because it was at that time that our minister in the house announced that any project undertaken in these four communities would be considered for benefits, because it was his intention to designate these communities.

Senator Roebuck: Before you leave the Bruce Peninsula area, let me summarize a little by what you have been telling us. The tax incentives did not apply to your work affair did it?

Mr. Lavigne: That is right, sir, they did not.

Senator Roebuck: All the incentives that you had applicable in that area commencing in 1965 were these cash grants?

Mr. Lavigne: That is right sir.

Senator Roebuck: There was nothing else but just the cash grants?

Mr. Lavigne: That is right.

Senator Roebuck: The total were the two figures given. I am not clear as to what the grand total was. Three hundred and thirty-five million was one figure. That was not all inclusive was it?

Mr. Lavigne: I do not have the figure of the amount of money paid out in grants to the

plants that were established in the Bruce Peninsula or the southern Georgian Bay. It is not mentioned in the impact study because the people doing the study did not know how much the Government had spent in grants in that area. I can give you the figure if you want it.

Senator Roebuck: Give me the figure please.

Mr. Lavigne: May I do that later? I will look it up for you.

Senator Roebuck: Yes, that will be all right. That expenditure of money resulted in 65,000 additional jobs.

Mr. Lavigne: No, sir, not in the southern Georgian Bay. The number of jobs created in the southern Georgian Bay was over 2,000.

The Chairman: Twenty-two hundred.

Mr. Lavigne: Twenty-two hundred and twenty-two.

Senator Roebuck: I see, thank you.

Senator Fournier (Madawaska-Restigouche): How did Professor Larsen proceed to arrive at some of the designated areas? What did he do? Please make it a short story. How did he arrive at the areas?

Mr. Lavigne: I think, if I understand your question correctly, that what you are asking is how did we determine what areas should be designated; is that right?

Senator Fournier (Madawaska-Restigouche): Yes.

Mr. Lavigne: Firstly, the amount of unemployment was considered. Any area that had, for instance, 200 per cent of the Canadian average unemployment was designated automatically. That was double the Canadian average. Any area that had 150 per cent of the Canadian average unemployment, as well as a negative or decline of employment opportunity, it was designated. Any area where the average non-farm family income was below \$4,250 a year, was designated. Any area where 40 per cent of the families earned \$3,000 or less a year was automatically designated. This is the type of criteria that was set up to identify the areas where these incentives would apply, since 1965 when you put all of the statistics together, if you will, in a machine, and push the button, 65 areas dropped out as well as some 16 counties and census divisions. I might point out that origi-

nally, and you will recall, that we were using national employment service areas which are really labour market areas and in 1965 after the unemployment insurance people broke away from the national employment service, areas were then called Canada Manpower Centres. These were the areas used as geographical units as well as counties and census divisions contiguous to these manpower centres when they qualified according to the criteria I just described.

Senator Fournier (Madawaska-Restigouche): You mentioned that you press a button and arrive at a decision, that a certain group be eliminated and another group be accepted. Before you press the button, is there any consultation with local people as to what to do?

Mr. Lavigne: Not the local people, but in 1965, before the Government introduced the new program of cash grants, all the provinces were consulted on the criteria to be used, though not the areas to be designated. All the provinces were consulted on the use of these criteria, and on the matter of the type of incentives to be offered to industry, before the federal Government introduced the program.

Senator Roebuck: Was there any program or suggestion made that they give incentives?

Mr. Lavigne: This is something we did not promote, but some provinces introduced their own program of incentives. Subsequently, the Province of Ontario and the Province of Quebec both introduced incentive programs and other provinces created industrial development agencies which were responsible not only for promoting industrial development but also helping with the financing and setting up of new plants.

Senator Roebuck: What was the Ontario provincial tax incentive?

Mr. Lavigne: It was not a tax incentive program, sir. It was a forgivable loan program. To any company which wants to set up in an area that Ontario wants to develop, not one of our designated areas, but an area that Ontario wants to develop, the province offers a loan which is forgiven if the company operates for at least five years. The program is still in effect.

In Quebec, the Quebec Government broke up the province into three big regions, and they introduced a program which is still in effect, a combination of forgiveness of the

corporate income tax or a portion, 3 per cent, of the provincial corporate income tax—and it must be remembered that the corporate income tax in Quebec is 12 per cent, so it is 3 per cent of 12 per cent—as well as a cash grant program.

Greater Montreal is designated for the minimum incentive, which is the remission of the provincial corporate income tax. Then there is a large area consisting of much of northern Quebec, Lac St. Jean, the Gaspé Peninsula, where the province is prepared to pay 40 per cent grants. The formula is 40 per cent, 25 per cent and 20 per cent, based on the same amount of investments as I noted in the federal program. That is 40 per cent on the first quarter million dollars invested, 25 per cent on the next three-quarters million; and 20 per cent on anything over that. But they have a minimum and a maximum in their program, that is, they will not subsidize any project under \$50,000 and will not go above an incentive of \$500,000 for any one project, while the federal Government gives an incentive for any project up to a maximum grant of \$5 million. That is the difference there.

The Chairman: Mr. Lavigne, what you are saying to us now is that the rich provinces, Ontario and Quebec, together afford and give incentives. We are concerned with poverty. What happened in the poverty-stricken provinces?

Mr. Lavigne: I can only say, sir, that in my opinion it is a good thing that the federal Government has a program of incentives, because it is the one thing that counterbalances the industrial development effort in the rich provinces like Ontario and Quebec. The federal Government now has designated all of eastern Canada below Quebec City, where a potent package of federal incentives is available to attract industry.

The Chairman: Which were not available heretofore?

Mr. Lavigne: That is right, sir.

The Chairman: I do not want to get into policy with you, but this is 1969. We started with these incentives in 1965. Conditions in that area really have not changed very much—a little better, a little worse. What held back the movement to that area for four years?

Mr. Lavigne: I do not know, Mr. Chairman, that I would be inclined to agree with you

that there has not been a movement to this area. In fact, the tables provided at the end of this statement will indicate that hundreds of new projects were developed in the Atlantic Provinces. A good deal of money was spent in doing it and considerable numbers of jobs were created. I think that in the time that this program has been in action, the results are very good. It is indicated by the minister that he has the intention of probably changing the system to make it more effective in certain areas—at least, this is what he has said in the House—but I would not say that there has not been a movement to the eastern part of the country. Certainly, we have seen a lot of gain. In fact, it has been said that the program has introduced too much development in certain resource industries like pulp and paper. I do not think it can be said that there has not been a movement.

The Chairman: Let me put it to you this way. Perhaps there has not been the overwhelming movement there that there has been to the other parts of the country, the overwhelming movement towards those areas. You now tell us that Halifax and other points are being recognized as under-developed areas for the purpose of the act. Is that right?

Mr. Lavigne: I would just correct that if I may?—The program is not focussed entirely on poverty: it is focussed on unemployment but one of its side benefits is to alleviate poverty. I do not think it can be said that Halifax and St. John are under-developed. Halifax was, and I think is, amongst the fastest growing cities in Canada, relatively speaking.

The fact that it has been designated now or recently, as well as St. John, Fredericton and Dartmouth is indicative that the Government has decided to recognize that it may be possible to speed up growth by designating not only large areas but also focal points or growth points, if you will, around, which there is a great deal of unemployment, in other words, recognizing that perhaps the centres with industrial potential should be designated in order to provide employment to the people who are unemployed in the areas around those centres. It is a new approach.

Senator Cook: To round out the picture, you were telling us what the Ontario and Quebec governments did to induce industry. Is it not true that all the governments in the Atlantic Provinces have been most active in trying to get industries and all sorts of benefits as far as they can to induce industry?

Mr. Lavigne: Absolutely, sir. For instance, in Nova Scotia they have the I.E.L., the Industrial Estates Limited, one of the most active organizations in Canada, doing a marvellous job, working on industrial development in Nova Scotia; and in New Brunswick they have an industrial development corporation.

Senator McGrand: What industries have been established in New Brunswick? Could you list them?

Mr. Lavigne: I could provide a list, sir, but off-hand, from memory, I would say there is the pulp and paper industry, woodworking, and a great deal of food and beverage. In fact, that is one of the most popular types of industries we have developed in the eastern part of the country. There are also the large chemical industries that I mentioned at Belledune Point, smelters and so on. There is some fish processing in New Brunswick as well. I could provide a list of the specific types of industries, if you wish.

Senator Roebuck: Mr. Lavigne, do you agree with the statement by the University of New Brunswick study group with respect to the program's inadequacy when it comes to pushing up the entire provincial economy? It says that many additional policy instruments are required. Isn't it right that these programs which are very large in themselves are yet very small in proportion to the entire provincial economy? What additional policies are in mind? The brief says, "many additional policy instruments are required".

Mr. Lavigne: Sir, I would be inclined to agree with the researchers on this. This is only one tool in a whole kit that has to be used in order to lift up the economy of an entire province.

Senator Roebuck: If it is confined to grants, or as in the province of Ontario to loans, it would take a great deal of money, wouldn't it, to lift up the entire economy of a province?

Mr. Lavigne: I would think so, sir. Yes, I would agree with that.

Senator Roebuck: And there are other instruments that must be used, then.

Mr. Lavigne: Yes, definitely, sir.

Senator Roebuck: Can you mention any of them?

Mr. Lavigne: I suppose one of the obvious things that come to mind is the transportation problem in the maritime provinces. What are we going to do about this problem? It is another facet of industrial development.

Senator Roebuck: Well, we have done a great deal in that respect.

Mr. Lavigne: We have to face the fact that the Atlantic provinces are far from the big markets in Canada and the United States. If you are far from the large markets, then transportation becomes a key issue, and it is one of the key issues in the Atlantic provinces.

Senator Roebuck: Is the housing issue not also important?

Mr. Lavigne: Yes, sir. However, because of the dispersal of the plants that were attracted to New Brunswick because of this program—I suppose it is fortunate, in a sense, that the effect of the program was not concentrated in such a way that it caused a housing crisis in any community, but I would agree with you, sir, that housing is another consideration.

Senator Roebuck: And municipal taxation is still another.

Mr. Lavigne: Yes.

Senator Fergusson: In reading the brief I see reference to unskilled labour in New Brunswick. Apparently we do not have managerially skilful people there. Is that also one of our great problems, and why are they more unskilled in New Brunswick than they are in other provinces?

Mr. Lavigne: I don't think a finger should be pointed at New Brunswick because of the results of the study we have put into the brief. It just happens that we selected three different areas in which to have an impact study done, and New Brunswick was chosen for no other reason than we wanted to pick a region in the Atlantic provinces.

I think it is true that in most area designated for these incentives, there is a large number of people who are unskilled and untrained for industrial jobs, because they were formerly farmers, woodsmen or fishermen who never had the opportunity to work in factories and so never developed any special skills. But it is to be noted that most of these people have a natural ability to pick up a skill and it is only a matter of training.

A good number of the new plants that were put into designated areas have instituted in-plant training programs with the assistance of the provincial and federal governments and many of the industries themselves have paid the cost of training the people they have hired to work in their plants.

Senator Fergusson: Is this in-plant training being successful in developing skilled people?

Mr. Lavigne: Yes, it is, senator. It is very successful. There is a very considerable turnover at the outset, until you find the people who can adapt themselves and are willing to confine themselves to working eight hours a day in a plant. It may seem strange to say, but it is not everyone who can adapt himself to working indoors for eight hours a day after spending most of his life working on a farm, in the woods or fishing in a boat. Consequently, when a new plant is set up in a designated area, there is a considerable turnover of employees at the outset. Management is able to select people who can adapt themselves to the work and who can be trained, and generally speaking, in-plant training programs have been very successful.

Senator Fournier (Madawaska-Restigouche): Mr. Chairman, it is very interesting to receive from Mr. Lavigne the list of new industries that have moved to the province of New Brunswick. But it would be more interesting to have, along with that, a list of the industries that have collapsed there.

Mr. Lavigne: I can give you a list of the industries that have moved into New Brunswick, sir, but I cannot provide a list of the industries that have collapsed, because, I am glad to say, we do not have any.

Senator Fournier (Madawaska-Restigouche): You should have.

Mr. Lavigne: We do not have any industries that have collapsed, I am pleased to say, so I cannot provide such a list.

Senator Fournier (Madawaska-Restigouche): Well, I will not disagree with you at the moment, but I will disagree with somebody, because industries have collapsed in New Brunswick.

The Chairman: He is saying that there were not any collapses.

Senator Fournier (Madawaska-Restigouche): I live in New Brunswick, and I say there have been.

Mr. Lavigne: I don't say that in New Brunswick there have not been any industries that have failed. All I am saying, and I will repeat it, is that I am pleased that in this federal program of incentives to attract industries to designated areas we have not had one industry go bankrupt.

Senator Fournier (Madawaska-Restigouche): You don't include New Brunswick in that, do you?

Mr. Lavigne: Yes. All designated areas are included. Absolutely.

Senator Fournier (Madawaska-Restigouche): I will not argue with you, but I have a dim view, I must say, of some of these programs, because I live in New Brunswick and we have been given perhaps too much publicity, and the approach has been wrong, because we are still waiting for the results. I can talk about the northern part of New Brunswick where the people are mostly dissatisfied. I am well aware of the situation around the Gaspé coast. There is dissatisfaction there. And in the Rimouski district the people are still waiting. How long will they have to wait? In the meantime somebody is building himself a glass cage.

I have a copy here of the *Monetary Times* of April 1969. In it there is a four-page article about ADA, ARDA and FRED.

There is one paragraph in this article that I would like to put on record, because it deals specifically with ADA:

Among its other weaknesses, ADA also turned out to be a splendidly inefficient way of creating new employment. Every new job created across the country cost a total of \$36,959, about one-fourth of which came from the federal treasury. In some provinces the figures were astronomical; the cost of each new job created in Alberta by ADA was an incredible \$117,995.

Mr. Lavigne: I would like to correct that, senator. Which issue of the publication is it?

Senator Fournier (Madawaska-Restigouche): It is the issue for April, the last issue.

Mr. Lavigne: I want to correct that statement as to the cost of jobs. The fact is that the cost per job created in this program has averaged slightly over \$5,000. Where the *Monetary Times* got its figures, I do not know. The fact is according to our records, the cost per job in this program has been slightly over \$5,000.

Senator Cook: That \$5,000 is the cost to the program and not the total cost.

Mr. Lavigne: That is the cost to the government for creating the job.

Senator Cook: So roughly that would be \$20,000 per job.

Mr. Lavigne: I do not quite understand the point you are making, senator.

Senator Cook: Did you say that the government contributed a quarter of the total cost?

Mr. Lavigne: No, the article did. I did not. I say this is inaccurate. The fact is that each job has cost private enterprise much more. It runs probably \$40,000 to \$60,000 per job. But it has not cost the government that much.

I would like to draw the attention of the honourable senators to page 11 of my submission where we say that the researchers from the University of New Brunswick pointed out that ADA had assisted 49 new industries in New Brunswick paying a total of \$14.8 million in wages and salaries. This a net increase of \$14.8 million in wages and salaries in New Brunswick because of the program.

The Chairman: May I at this stage suggest that you continue for another fifteen minutes, then we will hear from Dr. Weeks. Then we can question both of you at the same time. You will, in effect, be interchangeable for a while.

Senator O'Leary (Antigonish-Guysborough): Were these three studies commenced by your agency? And could you first give us the long-range cost of these studies?

Mr. Lavigne: I can get you the exact figures, but at the moment if my memory serves me right they run from \$20,000 to \$30,000 apiece.

Senator Roebuck: To what studies are we referring?

Mr. Lavigne: There were three studies, sir. If we might go back to New Brunswick for a moment; I think despite the fact that we have had some criticism of the effect of the program, as I pointed out at the outset, the researchers who did the study in New Brunswick were looking at the effect of the program on the overall provincial economy, and as I later indicated this program is only one tool in the whole bag of tricks that the government uses to alleviate poverty and to improve the economy of the province. While

it may not have done the job expected of it in New Brunswick, I think it has gone a long way to help the situation. Certainly since it has created over 2,000 jobs for the local residents and has created a payroll of almost \$15 million a year I think it has made an impact. But obviously the impact is lost in the total provincial economy, and this is the difference between the study in New Brunswick and the one in Southern Georgian Bay because the latter was dealing with only three communities, not a total provincial economy.

The Chairman: What about the Newfoundland one? Relate that for us.

Mr. Lavigne: The Newfoundland one was undertaken by professors from Memorial University, and here again the methodology was different and the interest was different. They were interested in looking at the inter-linkages between 13 different types of manufacturing established in Newfoundland. What they did, and I might say for those of you who are not too familiar with the parlance of industrial development that inter-industry linkages is something that industrial development people are concerned with, because often you can introduce an industry to an area that has the effect of attracting other industries because of the raw materials required or the finished products produced. For instance in Windsor, Wallaceburg and Chatham, they were connected with the automobile industry in that you have to make lamps, tires, axles and all sorts of things to produce a motor car. So when economists talk about inter-industry linkages, this is what they mean—the industries required to supply component parts or raw materials to a keystone industry, and those other industries that come after a keystone industry such as wrapping and packaging to market the product of the keystone industry. In one province of Newfoundland the researchers were interested in this matter of inter-industry linkages and they picked out 13 industries established in Newfoundland, and through different techniques they looked at the linkages that developed. Of course it must be admitted that they were looking at a limited number of industries in that they only picked 13.

Senator Fournier (Madawaska-Restigouche): Why did they pick only 13?

Mr. Lavigne: Well, I cannot answer that but, we did not want to tell them how to do their work. After all we were hiring them to do a study on the impact of the program.

Senator Roebuck: The number of industries in Newfoundland must have been limited.

Mr. Lavigne: If you go to the third table, you will see there were 38 applications in total for new and expanded plants in Newfoundland. The researchers worked primarily on fish processing plants, and on page 13 it is interesting to note that they established that 6 plants that they analyzed had an output of \$12½ million per year. In terms of employment they noted that these 6 plants provided over 1,000 direct jobs and this in turn provided some 2,700 additional jobs in the economy of Newfoundland with more than one-half located in the fishing industry. This means that for every job that was created at the fish processing plant there were over three other jobs created in the economy of Newfoundland. This is very interesting and in terms of income the annual wage bill to the fish processing industry was estimated at \$2 million, and the additional annual income in the economy was estimated at over \$8 million. This is very significant in a province like Newfoundland and in an industry like the fishing industry. So it is another type of study with another angle to it, pointing out that the inter-industry linkages are very important in an industrial development program of this kind.

The Chairman: At this moment I am getting my briefs a little mixed up. I read Dr. Weeks' brief and I got the impression that he is trying to do away with the fishermen. On the other hand, you are attempting to make life a little easier for them. I will give you a chance later, Dr. Weeks.

Senator O'Leary (Antigonish-Guysborough): Dr. Weeks wants a better fisherman.

Senator Cook: If they could get together and sell the fish, it would be a little more help.

Senator Roebuck: I am all for Mr. Lavigne's approach.

Mr. Lavigne: I do not want to start a debate with my colleague, Dr. Weeks. I know the Chairman would like to egg us on and probably start one, but we were trying to create jobs for unemployed fishermen, and Dr. Weeks, I suppose, had some other objective in mind. I will let him explain the reasons for his task down there. I have pretty well covered my brief, Mr. Chairman.

The Chairman: Now we will have Dr. Weeks give us an outline, and then we will

discuss it with him. Then, once he has finished, both witnesses are available for questioning; and if we can get them into a controversy, so much the better.

Dr. E. P. Weeks, Assistant Deputy Minister (Implementation), Department of Regional Economic Expansion: Mr. Chairman, and honourable senators, I think perhaps I could sum up what I have to say as far as the theme is concerned under three points: (a) that economic growth is obviously essential in dealing with poverty; (b) that infrastructure, in the broadest sense, is an absolute prerequisite.

The Chairman: What is that?

Dr. Weeks: "Infrastructure" is the whole setting of facilities, including educational facilities. This is a fundamental factor, if you are going to create the necessary milieu for industrial development. And the third point, (c), is that the creation of employment opportunities, and ensuring that people can take advantage of those employment opportunities, must be done within a framework of reasonable planning and overall policy.

I would propose to go down through the approach of the Atlantic Development Board—why the Board was set up, what the Board carried out, and why, and some of the results indicated by the Board's planning studies.

As you are all aware, the Board was set up initially in 1962 by an Act of December, 1962. At that time the Board was established as a body acting in a purely advisory capacity. In July, 1963 the Board Act was amended fairly fundamentally in one way—that is, a fund was set up for \$100 million—and, in addition to that, the Board was told that it should, in collaboration with the Economic Council of Canada and other federal agencies, develop a comprehensive economic plan for the Atlantic region.

Further developments, as far as the Board responsibilities were concerned, involved: two special votes totalling \$55 million for trunk highway programs, one of these in 1965 and another in 1967; a \$2 million vote to enable assistance to be given to the provincial government in connection with the Sydney steel plant; and \$1-3/4 million in connection with efforts to relieve the unfortunate situation in Bell Island which arose as a result of the closing of the Bell Island iron mines. Hence, the Board had under its influence, shall we say, a total fund of \$208,750,000.

As of March 31, 1969—that is, up to the time of what we might call its “demise,”—the Board had committed roughly \$190 million and had spent approximately \$140 million over the period of its existence, which was approximately six years, the period during which it had funds being approximately $5\frac{1}{2}$ years.

As to why the Board was set up, I think we must bear in mind that the Board was not set up fundamentally as an anti-poverty organization, but basically for economic development. The reasons which, it appears to me, influenced the setting up of this Board, included the fact that the per capita income was one-third below the national average and unemployment was 50 per cent higher than the national average; that it was apparent that a strong growth in the economy at the national level was not going to be enough to solve the problems at the regional level; and also, I think, it was considered that if we were going to deal with the basic elements of growth and development we had to have a much better general atmosphere for growth in the Atlantic region.

Senator Roebuck: When you speak of the Atlantic region, do you mean the three provinces?

Dr. Weeks: No, the four provinces—the old Maritimes plus Newfoundland. I might say that geographically you could conceive of Gaspé being part of the Atlantic region, but now it is generally thought of as just the four provinces, though I think it has to be admitted that there are more differences, in many ways, between Newfoundland and the Maritimes than between New Brunswick, say, and Gaspé; but for our purposes this is the area.

The ADB not only carried out projects to improve the economic situation but also looked into many aspects of the regional economy. It was apparent to the members of the Atlantic Development Board that economic development and anti-poverty measures would have to go hand-in-hand and work in harmony, on the one hand; and it is only obvious that if you are going to get social adjustment—and without it you are not going to solve the poverty problems—you cannot get this social adjustment very easily unless you have employment opportunities. You are not going to get people out of, shall we say, marginal areas in primary industries, marginal sectors of primary industries, into new employment, or get them to change their way of life unless they see the opportunity for new

jobs at the end of the line. In this I agree with my colleague. The jobs at the end of the line have to become the great attracting point. But, equally, unless along with the development of jobs, measures are taken to attract people to seize these opportunities, you do not succeed either. In short, these two things—the creation of jobs and anti-poverty measures—must not only go hand-in-hand, but parallel; and, if anything, perhaps the employment opportunities should be a bit ahead as the pulling factor.

I should like also to emphasize in this connection that there is, in my view, a very considerable difference between the poverty situation in a generally prosperous area like southern Ontario and pockets of poverty in an area like the Atlantic region.

The Atlantic region is up against a double problem. There has to be the creation of jobs and an adjustment of the people to take advantage of these jobs, whereas in an area like southern Ontario the jobs happen to be there already, and one part of the task is over. In southern Ontario the concentration of effort will be towards getting people to know what is going on.

The Chairman: Dr. Weeks, you spoke of poverty, and then you said that the man in southern Ontario had a job.

Dr. Weeks: No, what I am saying is that there are job opportunities to a much greater extent in southern Ontario. This is what I mean. The problem is to get the people from your poverty areas to take advantage of those job opportunities. You have the job opportunities already in the region. The problem in the Atlantic region is that you are caught both ways. You have to create the job opportunities, and the social and other measures that will encourage people to come out of those pockets of poverty to take advantage of those jobs. It is a double task in the Atlantic region.

This is why it seems to me that it is a case of: “For he that hath, to him shall be given: and he that hath not, from him shall be taken even that which he hath.”

Before I go into what ADB is doing, or has done, perhaps I should refer to come of the causes of the lagging economic growth of the Atlantic region which were quite apparent from the various studies carried out by the Board. Perhaps I could just mention these very briefly, Mr. Chairman.

The Chairman: Yes, and take your time. This is very important to us.

Dr. Weeks: I feel that there are perhaps six or eight factors in this. The first or (a) is the physical resource base. Certain natural resources in the Atlantic region are reasonably adequate. I refer here to iron ore in Labrador, and base metals in areas like northern New Brunswick and parts of Newfoundland. The forest resource potential is such that there could undoubtedly be, with proper forest management, an expansion in activity. These two resources are not too bad. However, the inshore fishery, with respect, I would suggest, is not exactly a prosperous resource. Agricultural land, contrary to what a lot of people think, is not a very good resource, and I say this bearing in mind that as a Prince Edward Islander I am well aware of what can be done with some of the land in the Atlantic region.

We know very well that coal has been a resource that was important and very prosperous at one time, but one that is necessarily going through a period of considerable readjustment.

Too many people in the Atlantic provinces are in depressed primary industries, and even in some of these depressed primary industries there could be considerable improvement in management. What I am suggesting, in effect, is that the physical resource base of the Atlantic region is not relatively very strong.

Senator Roebuck: They have access to the markets of Europe and, to some extent, to those of the United States.

Dr. Weeks: Yes. I think this applies particularly to the lumber industry. You will remember that at one time...

Senator Roebuck: What about apples?

Dr. Weeks: As you know, before the war the apple shipments were very significant. After the war the apple industry, if I recollect correctly, went through certain difficulties in producing the types of apples that were satisfactory to the U.K. market, and there were also difficulties in respect to foreign exchange availability in the United Kingdom. The apple growers as you are aware, Senator, went through a period of basic readjustment in which they, partly with Government assistance, pulled out a lot of the old trees and put in new types that would produce apples that would meet modern market requirements. Recently they have run into difficulties, I believe, partly because of the devaluation of the British currency, which has provoked competition from apples from

European countries whose currencies were adjusted. The apple industry, I think we should note, has entered a new phase where I believe as much as three-quarters of the output goes into processing—juice and apple sauce, which has a pretty wide home market.

You are also aware that for many years the Bell Island iron mine shipped ore to Europe, but due to technical developments, and the fact that the ore is really not competitive in terms of quality in the light of modern steel requirements, this mine went out, and that caused difficulties.

The coal industry in Cape Breton is being rationalized very rapidly. It is suggested that the Cape Breton Development Corporation may open up a new mine, but in any event this means a smaller output of coal but probably on a more satisfactory basis.

The most encouraging signs in the physical resource base are, I suppose, in base metals, and they were referred to by my colleague. I am thinking of the development in northern New Brunswick. There is a greater deal of base metal potential in Newfoundland, and undoubtedly there will be an intensification of exploration work in that province. We know about the iron ore of Labrador, which has played a very great role in recent years.

I think the other side of this is that pulp and paper is another resource with very good prospects. In New Brunswick alone, according to the studies of the Atlantic Development Board, it should be possible over the next decade to double the output of pulp and paper.

The lumber industry on the other hand—lumber in the sense of sawn lumber—needs to go through a very serious rationalization, because there are too many small units that cannot really compete effectively in terms of quality and price.

Perhaps I may now go on to my (b)—which seems to be following a long way after my (a)—the size and configuration of the region. Let me explain what I mean here. The population of the Atlantic region is really too small to sustain a significant local market. As you know, a market is a function of both numbers of people and the income per head. Both of these are too small to allow for very significant local markets.

The next thing that we must allow for is a point that was brought up by Mr. Lavigne, that the population in the Atlantic region tends to be relatively scattered, and you do not have the very large urban areas. Halifax,

Saint John, and St. John's are three of the largest centers, and the largest of these, Halifax-Dartmouth, has only a population of the order of 200,000. These are not big centers in terms of being points of attraction for big and significant industries. This does bring the suggestion very much to mind that if one is going to promote significant industrial development that is viable in the long run this development should be concentrated as far as possible in the areas that do provide the necessary milieu.

My (c) point is peripheral location, which was also referred to by my colleague, and the problems of the costs of transportation. It has been shown that we should not exaggerate too much the cost of transportation in the cost of a physical product. It may be that transportation is an important element, but by no means is it a governing element, because in many ways marketing methods, productivity of labour, entrepreneurship, and all those things ought to be borne in mind. We should not assume that by solving the transportation problem—supposing we can—we will have solved all the problems of the Atlantic region. Supposing we could solve the transportation problem in terms of costs as a percentage of final product, we would not have solved all the problems of industry in the Atlantic Region by any means. In the Atlantic Region there is not only this problem of distance but also the problem of function and costs, which is insufficient intermodal competition; there is insufficient competition between truck traffic and railway traffic. One reason for that is that there is not yet an adequate network of all-weather highways. Let me emphasize the words "all-weather highways". Those who are aware of the situation in the Atlantic Provinces—and I happen to be a Maritimer myself—know that what is needed is not just a good paved road but a road on which heavy traffic can operate twelve months of the year. If you have a situation in which the loads have to be reduced for a couple of months during the year you do not get real competition between truck and rail. That stands to reason. This is one of the points I would emphasize, because later on, if I am not talking too long about this, I want to refer to this question, which has played a very significant part in our thinking.

Senator O'Leary (Antigonish-Guysborough): Are you pointing this out as the only reason for lack on competition, the question of all-weather highways?

Dr. Weeks: No. I am saying this is an element.

Senator O'Leary (Antigonish-Guysborough): An element?

Dr. Weeks: An element, and an important element. I realize, of course, that there are other elements we could go into. For instance, there is the question of MFRA, inter-regional subsidies. There are a lot of things that could be said about transportation.

A question on which Mr. Lavigne touched was that of labour force productivity. There is no doubt that labour force productivity is lower in the Atlantic region, and there are several reasons for this. One of these, we must admit, is education in the broadest sense. Surveys carried out by the Atlantic Development Board indicated that educational levels, interpreted by drop-outs, teacher quality, building facilities and all the rest of it, show up pretty badly compared with other regions in Canada. If the basic education is not good enough to start with it creates difficulties when it comes to vocational training. In many cases, if I understand the situation correctly, it is very difficult to undertake certain vocational training without, say, grade 10 education to start with. Therefore, this educational factor, education and training in the broadest sense, is a fundamental element in the Atlantic region. In fact, for some people it might be considered an absolutely basic element.

In passing, I might mention, if I may, an article some of you may have read over the week-end in the *Globe and Mail Weekly Magazine* entitled "Maritimer Migrants—white socks in the big city". I suppose the name was just taken off the air, but it illustrated the example of a young fellow from Prince Edward Island who went to Toronto to try to get a job. Wherever he went he was asked whether he could weld and had to say he could not; that he did not finish grade 10, began to study welding but left the welding school because the teacher said that he was not getting along very well. He was asked if he knew anything about carpentry or handling sheet metal and had to say he did not. Everywhere he went what stood out a mile was that he did not have the basic training to take jobs that were useful. In the end, of course, he went back to Prince Edward Island.

The Chairman: He wanted to be a car racing driver.

Dr. Weeks: I think he wanted to do car racing.

The Chairman: I read the article.

Dr. Weeks: It raises some fundamental points.

The Chairman: Quite right. You are making the point, so you go ahead.

Dr. Weeks: Let me illustrate something else that I feel is a factor in overall labour force productivity in the Atlantic region, and that is the element of out-migration. In out-migration there is a tendency for young, vigorous people, often-times those with the best education, to go out and stay out. This is not universal but there is quite a heavy drainage. If you have an out-migration consisting basically of a slice across the loaf, from grandma and grandpa down to little Louise of one year old, that is fine, but what happens is that there tends to be a gouge out of the middle of the loaf, which tends to make a rather unbalanced loaf in the long-run for the remaining people in the Atlantic region.

Another element is high seasonality, heavy concentration in primary industries with high seasonality, such as fisheries, agriculture and, to a lesser extent now, forestry. Lack of specialization is another thing. There are not enough big scale industries in the Atlantic region. One could speak about the quality of management. It is not just a question of labour force productivity; there is also the factor that management could be improved.

Perhaps behind the whole of this labour force productivity is the one big element of motivation. Unless you have the motivation there is not the desire to learn and to adjust in, shall we say, mobility in space and in job. Without the learning there is not the capacity to take jobs. Therefore, right at the base of the situation there is a very important element that to my mind we cannot ignore, which is this element of motivation, which again may be a function of education in the broadest sense.

The Chairman: Motivation for what?

Dr. Weeks: Desire to learn.

The Chairman: But doctor, when you speak about desire to learn you have to be a little convincing. I am one of the people who believe that if there is a desire to learn it is in the Maritime Provinces. Could I be that wrong?

Dr. Weeks: What I would say is this. They often say of Maritimers that you are either good or bad; you are not so much in between. I think the situation is that on the one hand there is a certain group with a very intense desire to learn, hence in the Atlantic Provinces we always have a very high proportion of universities in relation to the population. On the other hand there is another group that, perhaps through no fault of their own, have not had opportunities to train themselves, among whom there is a tendency not to complete their schooling. In the surveys we have carried out we have found very heavy dropouts after Grade 6. If I could, Mr. Chairman, just mention one point here I do not believe I had mentioned before and which I would like to bring out. That is that one of the studies we had carried out indicated that environmental factors and attitudes at home and in the general community were often times more important in determining whether students and scholars stayed on in school than questions of teacher capacity of building facilities. In short, a tremendous element in this motivation was the general environment. This was the thing that was particularly apparent in some of the rural areas. In parts of Newfoundland and some of the outports, this is fortunately changing. I think Senator Fournier would agree with me that in northern New Brunswick the question of the general environment has been quite an element that is changing, very fortunately.

The Chairman: Doctor, we have been talking where about an approach to poverty. We have not made up our minds. The thought is what the poor need and that is money, services and attitude.

Dr. Weeks: Yes.

The Chairman: That came up quickly and you enlarged on it. That is fine and you said yes to it for which I am delighted. Now, when you talk about the dropouts, are we not getting on tender ground? Does not the boy drop out as soon as possible in order to get out and try to obtain a job so he can bring some money into the house?

Dr. Weeks: I think this is a little complex. Sometimes he drops out because he did not like to study.

The Chairman: None of us do.

Dr. Weeks: That is right. Another reason here of course is the feeling that perhaps he does not quite consider that the advantages in

the long run of staying in school are going to be sufficiently great. What he sees immediately in front of him are two or three years of pretty tough study. A good paying job seems a bit often in the distance. He may have, as you suggest, a feeling of why not get a reasonable job right now and avoid the sweat and blood of studying, such as what happened to Napoleon in 1812?

The Chairman: Not that I do not like listening to you, because you are now talking our language and the language of the committee, but what I really want to know is how do you stop that?

Dr. Weeks: You mean—

The Chairman: How do you stop this boy from dropping out?

Dr. Weeks: Again, I do not claim to be any educational expert. I would have thought that two elements are very important. One is what the teachers can do to emphasize to a fellow that he is in a type of society where increasingly there is less and less room for the fellow with no skills and that this reality should be made very well aware to him. I think the second thing is that there has to be an attitude and an atmosphere created where the young fellow is also made to realize that you have not got a future unless you have got some kind of training. It has got to be the environment in which he lives and that includes home, friends and associates. It has got to be the environment in the schools, where the teacher gets this across. Surely, the most important single element in this whole situation is the changing position as far as unskilled people are concerned.

Our story about the fellow who went up from P.E.I. just illustrated this again that "no, no, no" is the answer if you have not got any particular trade or skill.

The Chairman: Doctor, this young fellow—please rationalize this for me—falls out of school because his family needs some money and he obtains a job for himself. Five years later he is a dropout on the labour market. He walks into the manpower organization, he has had no training and has not been able to get a job. After half a dozen aptitude tests or whatever is required we go about the business of paying that man \$50, \$60 or \$70 a week to retrain him. Now, where have we gone wrong? At that point we are prepared to spend almost limitless amounts of money so that he will be able to take the training in

order to get a job. Where have we gone wrong? What do we do to stop that situation and catch it initially? Are we spending the money at the wrong end?

Dr. Weeks: It is when he gets in school where he must get his basic training. You have got to get sufficient basic training into a fellow so that he is able to manoeuvre and I wish to illustrate another point. In my mind it is not only a question of there not being opportunities for those with no skills, but also the fact that society and production factors are changing so fast that a fellow must be able to manoeuvre and be able to count on shifting jobs and shifting his type of training half a dozen times. If he is going to manoeuvre he must have a base from which he may manoeuvre. He has got to have a basic education.

The Chairman: Doctor, assuming that he is able to take it, where do we start? Let me give it to you as I see it, for a moment. It is a poor family and the father is working and earning as much as he possibly can. They have five children. Is there a justification for the Government to step in and say that so long as the student continues to go to school we will pay him \$15 a week for his maintenance and upkeep. If he continues in school and makes his grade we can give him \$20 a week. These figures are symbolic. This is in order to have a home and continue to educate the boy or girl. What are we getting ourselves into and why are we not doing something like that?

Senator Fournier (Madawaska-Restigouche): I have a question.

The Chairman: We are having a dialogue and I must finish. I have a very knowledgeable man and I want to take advantage of his experience.

Dr. Weeks: It seems to me, Mr. Chairman, that we have two elements in the picture. In the first place we must be in a position where there is a potential job for these fellows that we are training and keeping in school.

The Chairman: Train them for the right jobs.

Dr. Weeks: I would have thought that we should arrive at a situation ultimately where it is not necessary to pay a fellow in order to continue his education and remain in school and that he will have enough motivation himself. You are suggesting why should the state continue to pay him to stay on?

The Chairman: I am saying that these are poor people and they cannot afford to send him to school.

Dr. Weeks: I am assuming that we are going to get a situation where schools—this is happening in the Atlantic region now—will be available up to the end of high school and where every child, regardless of the rural area, can get to a school. I think this should happen, but it seems to me that we have got the two elements in the picture.

If I may come back to my point, that if we are going to have motivation in the first place, a fellow has to be convinced that he should stay in school. You are saying that you are paying him. The point is that he must have the drive to stay in school.

The Chairman: Only pay him if he makes the grade.

Dr. Weeks: He must have the drive to make the grade. In the drive to make the grade he will not have it simply because you are paying him. That is going to be one of the incentives, if you like. It is going to be one of the incentives, but he has to be convinced that it is important for him in the long run—10, 15 or 20 years from now—to have made the grade. The motivation has to be a deeper motivation than that of merely making the grade so that he can get \$70 or \$80 in salary.

The Chairman: I will come back to that point.

Senator McGrand: During your discussion you mentioned base metal. You give me the impression that base metals meant a great deal to New Brunswick. You mentioned Labrador and you went back to New Brunswick, again talking about base metal. The biggest base metal development is the Brunswick mine, which is in the most depressed area of New Brunswick. How many jobs have been created or how many has New Brunswick provided in the province? Have you any idea? That is only half of my question.

Dr. Weeks: I will be able to tell you in a moment, Senator, as Mr. Saumier has a report with him which refers to northeastern New Brunswick and indicates the number of jobs. I know there were a couple of thousand.

Senator McGrand: Here is why I mention this. Everyone seems to place emphasis on base metals in the future of mines. There may not be another mining development down there. They were fortunate to find that

one and it is over twenty years since it started, and they have the one mine. But New Brunswick at one time was covered 80 to 85 per cent by forest and the wealth of the province in the past was taken out of the forest. I do not know why there is not more emphasis put on the development of the forest as a source of employment for people and of training, because people need to be trained in woodwork, more than in sheet metal and that sort of thing. We seem to forget about the trees, because we can see them, and we talk and think about the things we cannot see, the wealth down in the earth. I would like you to talk a little about that, as you must have given it some study.

Dr. Weeks: First of all, could I refer to the employment in the mines. According to a report which Mr. Saumier has just given me, the employment in the mines is approximately 2,400. You had mentioned, Senator, that this was Brunswick Mining and Smelting Company Limited. I might say that of the 2,400, 950 is Brunswick Mining and Smelting and the rest comes from Health Steele Mines Ltd., Nigadoo River Mines Ltd., East Coast Smelting and Chemical Co. Ltd. and Belledune Fertilizers Ltd.

Senator McGrand: Would that include people working at the fertilizer plant?

I had an idea that Brunswick Mining and Smelting provided perhaps even more than that.

Dr. Weeks: May I suggest, Senator, that you have to allow for the fact that there is not only 2,400, but that you will have a multiplier for the related employment, certainly in terms of related services.

Senator McGrand: But you get the same thing in a well developed woodwork industry, in the development of forest industries. I mention that because one of the most happy countries in the world is Sweden where they have had their ARDA a good many years ago and they are making the most of their forestry. It seems to me that if New Brunswick had followed the idea in the last generation or two we could in the next few years make New Brunswick the Sweden of North America.

Dr. Weeks: I would point out, Mr. Chairman, that in the forestry report released by the Atlantic Development Board, when it still existed in February, pointed out that with adequate forest management and the effective

use of the resources of New Brunswick, it should be possible to double the output of the forest industry, particularly in pulp and paper. Another point we have to allow for on the forestry side is that if there is to be an effective development of the sawmill industry you have to go through a considerable period of rationalization.

Senator McGrand: I know about the saw-mills, but the point is, if some of these many millions of dollars we are spending were put into the development of woodwork and forest products rather than into the fertilizer plant down in Dorchester Cape?

Dr. Weeks: Before you go to the fertilizer plant at Dorchester Cape, may I say I had indicated that in that area there were 2,800 employed. There were 2,600 employed in the pulp and paper, so there is no question of what the industry there can provide. As far as the Dorchester Cape plant is concerned, I understand that there is no activity at present.

Senator McGrand: Who dreamed it up in the first place?

Dr. Weeks: All I would say in reply is that this was a project that came through the New Brunswick Government. I do not think I am really in a position to indicate what individual in the New Brunswick Government was basically responsible for it.

Senator McGrand: It was an attempt to bring in wealth and give employment to people by introducing an industry that was not actually based on an economical use of a New Brunswick product. That is why I have been talking about an attempt to do things, to spend money on things that are not native to New Brunswick, rather than in the forestry where our wealth has always come from.

Dr. Weeks: Could I just understand you correctly there? Do I understand that you would not be in favour of, say, development of what we call footloose industries, that is, those not based on local resources?

Senator McGrand: What do you call footloose industries? I understand they are building a plant near St. Andrews, where they are bringing tuna fish from the coast of South America, through the Panama Canal, and canning them. Would you call that a footloose industry?

Dr. Weeks: Certainly we would have to admit that it was not based on a local

resource. May I explain a little? Let us hit one of these things which are more obvious. You had mentioned forestry. There is an industry which obviously is not footloose. Its foot is attached very strictly to the root of the tree. Supposing you had miscellaneous metal working industries. They would be footloose because they wouldn't be based on the steel industry in New Brunswick or on any particular local product. You are just using New Brunswick's skill and entrepreneurial capacity, capital, whence it may come, and, perhaps, a port like Saint John.

I presume, senator, you are in favour of promoting footloose industries in so far as they can have long-term viability.

Senator McGrand: That is right.

Dr. Weeks: I agree entirely. Now, Mr. Chairman, perhaps I should finish my comments in general and then we could come back to questioning.

Senator Roebuck: Before you do that, I would like to ask what the situation is so far as the forests are concerned. Are they all granted to forest companies, lumber companies? What amount is still in the possession of the province? Are their forests being developed?

Dr. Weeks: The Crown lands, if I recollect correctly, are mainly leased now.

Senator Roebuck: And the lessees are not using their powers.

Dr. Weeks: The lessees are not fully utilizing the forests, no. I think the companies are probably intending to develop in future. Certainly, one thing concerning them at the moment is that the forests remain reasonably intact and that problems do not develop such as the bud worm killing off the spruce trees and that sort of thing.

Senator Roebuck: Do you know whether these lessees pay anything for their holdings?

Senator McGrand: They pay so much per square mile.

Dr. Weeks: That is right.

Senator Roebuck: Is that paid per year?

Dr. Weeks: I have not got the figures.

Senator Fournier (Madawaska-Restigouche): They pay very little.

Senator Roebuck: They pay so little that it is really no incentive.

The Chairman: Please, Dr. Weeks, take ten minutes and finish your brief.

Dr. Weeks: I would like to put the Atlantic Development Board activity into some kind of perspective by finishing my list of causes of the lagging economic growth. I would mention, in passing, that management and entrepreneurship certainly could be improved in the Atlantic region. There is also the question of availability of capital which is one of the things causing difficulty in the Atlantic region. Investments are not as heavy as they should be and in turn they are a function of what kind of profitability can be expected in industries.

Turning to ADB programs and policies, I should mention that the Atlantic Development Board recognized from the outset that there should be comprehensive economic planning but, equally, the board members being highly realistic came to the conclusion that with a fund of \$100 million, which was later expanded, they could not sit idle while waiting some years for plans to be developed. Therefore, they decided to move in such directions where the need was obvious, where there was a gap in investment, a gap that was not being filled by ADA, ARDA, FRED or other federal agencies, or, in some cases, provincial agencies. The board members decided they should also move in fields which would harmonize with what the provinces felt was desirable. It was decided on the basis of those elements that basic infrastructure was the place to move.

I would like to outline in a little detail the interpretation of basic infrastructure, the concept of which is that you must have a certain physical framework, if you are going to attract industry. I think my colleague Mr. Lavigne would agree that it is not just good enough to have incentives; you must also have a proper milieu in which industries can develop satisfactorily. Therefore, the board moved on infrastructure in the broadest sense.

Electric power was one of the first things; electric power typified by Mactaquac in New Brunswick, by Baie d'Espoir in Newfoundland, or, as it is called by the Newfoundlanders "Bay Despair", and Trenton power plant in Nova Scotia.

Next was trunk highways, again on the basis of what I said before that it is fundamental to have a basic network of all-weather roads; industrial parks, on the principle that in significant centres in the Atlantic region

there should be adequate serviced lands on which industry can locate.

Senator Roebuck: At a price that can be paid for it.

Dr. Weeks: At a reasonable price, that is right. Then there is water, and when I mention water here I should mention perhaps in passing, with reference to some of the comments made by my colleague, that a very important element in the maintenance and continuance of the fish processing industry in Newfoundland was the provision of water by the Atlantic Development Board. You will probably recollect in this connection that the federal Government had decided, I believe in 1964 or 1965, that the water standards must be greatly improved, if the export market for fish was to continue. Most of the plants could not meet these standards. The Atlantic Development Board put in very extensive water lines in both Nova Scotia and Newfoundland and to a lesser extent in New Brunswick, although Senator Fournier (Madawaska-Restigouche) is aware that we have done a great deal of work at Caraquet Shipping Industries. We did this on the principle that particularly in remote communities we could help the community itself by building water lines on such a scale that the local people could tap into them at their own cost. So we were thereby at the same time providing water facilities for the local communities.

Then we went into another element of infrastructure which may not strike you at once as interpreting the word properly: research. We considered that applied research was a fundamental element in the kind of infrastructure that was going to be necessary to attract industry, particularly of the growth variety. Hence we established research facilities in Nova Scotia for the Nova Scotia Research Foundation, in New Brunswick for the New Brunswick Research and Productivity Council. We also made arrangements with the University of New Brunswick to assist them in providing buildings and facilities for post-graduate work. Again, we felt, believing as we do so much in the educational side, that this was a fundamental element. We also have made provision, although building has not gone ahead yet, for engineering work in Newfoundland at Memorial University, and we are currently involved—and when I say "currently" this is now carried over in the new department—with the question of an aquatron at Dalhousie University.

So that our program of infrastructure went along those fields.

You might ask what the effect is; I think it is pretty obvious here that I cannot come out and quote so many of thousands of jobs in the way that my colleague can. I cannot, simply because of the fact that infrastructure by its very nature is a foundation. We take the view that a house is not much good if the foundation is not good, and it is very difficult to come out and say exactly how much employment has been created by putting in an all-weather road, with the province, between Halifax and Truro. Nevertheless, it is obvious that there had to be an all-weather road between Halifax and Truro.

It is equally necessary to allow for the fact that a great deal of our infrastructure work has only been completed within the last year and some of it is still underway. For instance, the Newfoundland and New Brunswick power plants were only completed a year ago. However, I can say that there has been a great improvement in the power picture, both in terms of the power companies and in terms of balance. Big strides have been made in all-weather highways; industrial land is available in the larger cities. Those of you who know Moncton will appreciate that the Moncton Industrial Park is now practically filled with buildings. The provincial research facilities are again only being completed and the Nova Scotia Research Foundation building in Dartmouth is only opening this fall. But all these things are well under way and will have an impact later. It is difficult to say with regard to fish plants but I would suggest that perhaps the assistance to fish plants at all has depended very heavily on our water supply. It is difficult to talk about improvement in fish plants because of the very depressed state of the fishing industry.

The Chairman: We are quite interested in the development, but our real interest here is in poverty, and if we might get down to that and have questions on that aspect of the situation.

Senator Fournier (Madawaska-Restigouche): Mr. Chairman, following on what you have said I think we will come to poverty with my question. Let us follow for a moment the case of a boy on the street in Toronto looking for a job. Let us assume that he is in his early 20's travelling from door to door unable to find a job because he has no trade. At the same time we must remember that we have spent in this country over the

last ten years over \$1 billion for vocational schools, well-equipped and well staffed all across Canada. They are the best you can get. And still in this year of 1969 you have this young lad walking the street because he has no trade. I think we must find out why. I know a little about this because, as you know, in the past I have been a teacher. One of the reasons this is the case is because for so long we have been training leaders and we have forgotten about helpers. Let us go back for a moment to this boy of 19; he has left school for many reasons, maybe to help his family, or maybe he was dissatisfied with the school. Whatever the reason, he left school at Grade 6 and has been out of school for three years. And so at 19 he finds it very difficult to live. Now one of these schools is established and he says to himself "I am going to learn a trade." And so he applies to the supervisor and gets an application form, fills it in and returns it. The supervisor looks at the application form and he says "you only have Grade 6 so there is nothing we can do for you. All we can do is to send you back to elementary school where you can build up your education to Grade 12." This is the most ridiculous part of the system. That young fellow has already left school because he was dissatisfied with the system. He is now 19 and will have to complete 6 grades before he reaches Grade 12 so that he may be accepted into a trade. That means he will then be about 25. This is an impossible situation. We are in fact closing the door on that boy.

Dr. Weeks: This is true; that can happen.

Senator Fournier (Madawaska-Restigouche): It happens in many places. It is one of the weaknesses of the system. At 25 he will not have the same ability to learn as he had at 18. So let us forget about his mistakes in leaving school when he did. We have to do our best for him with the abilities that he has. As I said a moment ago our schools are aiming too high.

The directors of these schools are sitting in glass houses dreaming of the results they will get. Each one of them wants to have a good school and to achieve the best results so he does not want to get involved with this fellow who left in Grade 6. He is just brushed off because we want to train leaders, we want to train expert mechanics, electricians, and experts in electronics. But, as I said, we forget about helpers. But as far as I am concerned it is not necessary and it has never been necessary for a boy to have Grade 12 to become a barber.

Dr. Weeks: That is true.

Senator Fournier (Madawaska-Restigouche): And I am not convinced by any means that Grade 12 is needed to become a mason or a motor mechanic or an electrician. A boy may well become an expert electrician, despite the fact that he has left school at Grade 6, if he receives the proper training, and if there is somebody to supervise the work. Remember we cannot train leaders all the time. Our universities are gradually being filled up across the country with the result that many occupations are being left wide open.

The Chairman: Let them comment on that now. I agree with you, but we want to hear what they have to say.

Senator Fournier (Madawaska-Restigouche): Years ago when I was a teacher we had general shops and we used to take the drop-outs from the high schools, boys aged 14, 15 and 16 with Grade 3. They came to us because that was all they could do. In some cases they had been in Grade 3 for four years, but we considered that they were good Canadian citizens entitled to a living and we had to help them use the abilities they had, and we decided that if all they could do was sweep the streets, then we made sure that in two years they became good street sweepers. But in addition to teaching them to be good street sweepers, we also taught them about neatness and about being good citizens. But where a boy had a special aptitude he was sent from the general shop to the trade shop and then directed to a trade school where there was an orientation program. That served a useful purpose, but we don't do that any more. Everybody has to have Grade 12 and I think this is a big mistake.

Dr. Weeks: I wonder if there is not a point, perhaps, where there needs to be a division between those who, shall we say, go on to appreciably higher skills where Grade 12 should apply. And perhaps as a second point there should be a fundamental rethinking as to whether or not there are certain categories of jobs where the standard could be Grade 6. But then of course you can come to a point where you cannot do very much. I believe, in the general parlance, if you do not attain Grade 4 you are functionally illiterate. I believe you are not considered to be in a position where you can read enough or understand enough to learn much more. So perhaps our aim should be for something

higher than this functionally illiterate level, perhaps it should be Grade 6. So I am wondering if perhaps some consideration could not be given to the kinds of jobs which could reasonably be provided for people with Grade 6 as a minimum and then the kind of jobs that could be provided for people with Grade 12 as a minimum. There is in this city a school, Highland Park High School, which is a technical school that is devoted really to giving some training in basic trades to children many of whom do not go past Grade 6.

Not too long ago I spoke to one of the men in this school and he was convinced that you could provide motivation and interest for a lot of these young people who were drop-outs after Grade 6. He told me that three-quarters of the young people there were getting jobs. They did not have their grade 12; they had grade 6; but they had enough education to enable them to pick up certain, shall we say, minimum requirements. I saw some of the work: some of the sheet metal work was very good; and some of the carpentry work was equally very good. It seems to me there is a field here we should go into.

I think one of the points that has to be allowed for here—and again I come back to this psychological point I mentioned earlier—is if a fellow, after grade 6—and the reasons he left at grade 6 may vary—feels that he is really on the ash heap, you have a very bad social situation as well as a very bad, shall we say, unemployment situation. I think there is a great deal in what you say.

If I could mention one other thing—you mentioned the barbers having grade 12. I remember being in a barber shop the other day, and I got a haircut this time. The barber himself had never been to school, but I thought he did a passable job, although he did not have too much to work on with me. His assistant happened to be a young girl, and when she stepped out I asked what training she was taking. He replied that, first of all, she has to have grade 12 and, on top of that, two years' apprenticeship. I do not know, but I think she was doing a pretty good job, as far as I could see across from the other chair; but I felt that he was doing a good job too. However, this seems to me to illustrate very well a point you bring out. We must not get into a situation where we automatically put on the dump a lot of people who do not make grade 12 or who, for some reason or another, are not likely to have the motivation or time to pick up six grades.

Senator Fournier (Madawaska-Restigouche): I do not disagree with you. I happened to be on one of these Senate committees some time ago—I forget which one—and we were talking about questions of education. We had a barbers' association appearing before us recommending to the committee that we support the Government in saying that everybody should have grade 12. I got after these people very strenuously. They brought up the question on the basis of infection and all that sort of thing, but I asked them how many people were dead across Canada on account of these things, and they had to admit they were only there trying to protect their own occupation; they were afraid that too many people would get into the trade. In many instances your Government and my Government has been influenced by these people making some such suggestions, and we are partly to blame because we have agreed to a lot of these things.

Senator Cook: Dr. Weeks, would you estimate that poverty in the home is the main reason for a large proportion of the actual drop-outs?

Dr. Weeks: I go back to a survey we had carried out, and this particular survey was done in detail in Newfoundland. I might say that the university man who did this for us attempted to weight the factors, and he put a greater weight on the attitudes in the home, the home environment factors, than he did on questions of teacher capacity and facilities. This is a thing which I believe applies to the Indian people as well. . .

The Chairman: Doctor, could you stop jumping from Newfoundland to the Indian people? I do not think you have answered his question. I think you slid around it very nicely, but answer the question.

Dr. Weeks: But if I understood your question correctly, you asked about the environmental factor.

Senator Cook: No, I asked is poverty in the home the main reason?

Dr. Weeks: Yes, when I was referring to the environmental factor I was talking about attitudes in the home. I could go back further and say that these were poverty-stricken homes.

Senator Cook: Does that account for a large proportion of the drop-outs?

Dr. Weeks: Yes, I would think that is right, because there is a very close connection here between the educational levels in the past, as far as the parents were concerned, and the poverty in which they find themselves, so this has been a big element, and it was particularly so in Newfoundland.

Senator O'Leary (Antigonish-Guysborough): Dr. Weeks, my questions too are directly connected with poverty. On page 7 of your brief, in speaking of the lumber or forest industry, which Senator McGrand pointed out is extremely important to New Brunswick—and I think we can apply that remark to the Maritimes generally—you make this statement, that the lumber industry has remained competitive only through the low wages paid to its employees.

My questions are three short ones. First, these low wages you speak of, are they actual or relative, and relative to other industries or other areas of Canada? I will give you the other two questions now because they are also short. My second question is: Are these low wages applicable to the getting out of the product from the woods or in the processing—for example, in the pulp plants? And number three: Would you say that the only reason the lumber industry is competitive in the Atlantic region is because of low wages?

Dr. Weeks: No, that is not correct.

Senator O'Leary (Antigonish-Guysborough): I did not think you meant that, because the raw product factor you have to look at too.

Dr. Weeks: May I reverse the order and go "c," "b," "a"?

The Chairman: All right.

Dr. Weeks: Certainly, low wages comprise an element, but we have to admit it is not only that but the question of too many small plants. The efficiency of the plant is an important element in the situation too; there is no question about it. So, it is not just low wages.

As far as wages are concerned, the wages in the pulp and paper plants in the Atlantic region are just as good, practically as anywhere in Canada. It is in the woods we are talking about. And I would say it is really the wages in general—to come to question "a"—are relative to other industries in the Atlantic region and to other areas.

Senator Fournier (Madawaska-Restigouche): To follow that question, Dr. Weeks,

as your Board found out, in New Brunswick we only have five major pulp companies that own—I do not know the percentage of the land, but at least 90 per cent of the forestry.

Dr. Weeks: Or lease.

Senator Fournier (Madawaska-Restigouche):

Yes, they own or lease it, but whichever it is, what can you or I do when they lease properties and fence all around? Do you think these companies have access to too large an area?

Dr. Weeks: I do not think this is a question one could answer very easily, because it is not so much really fundamentally a question of area, but as to whether the area is being properly used. I think that is the point. I would suggest, certainly on the basis of the report we had commissioned, that more can be done effectively in the woods, and I assume that more will be done. I think the pulp and paper companies appreciate this factor. There has been very substantial expansion in pulp and paper activities in New Brunswick in the last five or 10 years. The trend is definitely up, and I think we cannot really, in a sense, blame any company for not going faster. I think there should be general encouragement for them to get on with it. I guess one of the reasons that led to the expansion of the pulp and paper industry was Mr. Lavigne's activities in ADA. Is that correct?

Mr. Lavigne: Yes, that is right.

Senator Fournier (Madawaska-Restigouche):

I have one last question for Dr. Weeks, and it is one that he does not have to answer if he does not wish to.

Dr. Weeks: That will be a pleasure, sir.

Senator Fournier (Madawaska-Restigouche):

Did the Board invest any money in the Dorchester plant and the Champlain Park fish plant in Charlotte County?

Dr. Weeks: Let me...

Senator Fournier (Madawaska-Restigouche):

Please answer yes or no.

Dr. Weeks: Very well, you have asked whether we put any money into the Dorchester plant, and if we put any money into the Champlain Park plant in Charlotte County. The answer to the first one is yes, and the answer to the latter one is no.

The Chairman: Doctor, from reading your brief—and please correct me if I am wrong; do not let me mislead myself—it seems to me that you imply that in the Atlantic provinces there is a culture of poverty, and that there is no such culture in any other place in Canada. That is what I get from reading your brief.

Dr. Weeks: The point I wanted to make there is that there has been a long history of growth that has never let the Atlantic region catch up. There have been problems of out-migration, problems of education, problems of inadequate capital investment and inadequate social capital investment, management problems, and so on, and all of these have led to a situation where the best that the Atlantic provinces have been able to manage is to keep the gap from getting any wider. I am not suggesting that the gap in income could ever close completely. I do not think that is possible. I think that the big element in the Atlantic region now is for us to concentrate on getting more jobs in that region in order to cut down the attrition of migration, which is quite a serious thing. I am not saying that out-migration should necessarily all be eliminated either, but we should try to cut this down and to create a situation behind which employment, in terms of education and preparation for mobility within the region and elsewhere, follows step by step. What we really want to achieve in the Atlantic region are more employment opportunities, and a better situation so far as people taking advantage of those opportunities is concerned. In short, the spark in the future has to be concentrated on employment opportunities, followed up by education, training, and motivation, or what have you, so that people take advantage of them.

Senator Croll: But you can apply that to any part of Canada.

Dr. Weeks: Yes, the standard is right anywhere, but we have to put a great deal more emphasis on this in the Atlantic region.

Senator Fergusson: I like to think of people, and not the motivation you speak of. Perhaps that is not what they want. Do you know that this is what they want? On page one of your brief you say that poverty is relative as well as absolute. Perhaps we agree with this; we have been told it many times. But, you are speaking of the Maritime provinces, and at page 7 you say that the in-shore fishery is an instrument of poverty, and that the same outlook is generally true for agricul-

ture. But, do those people who are earning a living, although a very poor one, want to give it up in order to do something that you think is better for the economy of the country?

Dr. Weeks: I think, Senator, that you have raised a very important philosophical question. Let me put it like this: If people want a way of life which is a low income way of life, and if they feel happy in it, then certainly there is no reason why they should be pulled out of it, always provided that they accept the cost of it. If you want to operate a farm of 50 acres with inadequate equipment, and you can get by on an income of \$1,000 or \$1,500 a year, and you are willing to accept the consequences of that low income, well, that is fine. There is no reason why you should not go on.

Senator Fergusson: If you are satisfied then you are not really living in poverty.

Dr. Weeks: You may find older people who are prepared to accept the consequences of a very low standard of living. Some of the in-shore fishermen of Newfoundland have a total cash income, including all kinds of transfer payments, relief, and all the rest of it, of \$1,500 a year, and some do not earn more than \$500. Some of them may want to accept that as a way of life, but we have to ask ourselves if this is what their children necessarily want to accept.

There is a fundamental and basic principle that if people want a given way of life, and they are willing to pay the cost of that given way of life, then that is up to them. The point I was after is that it cannot be assumed that the next generation will go for this.

The Chairman: Yes, but tell me how we awaken that spark that makes the next generation decide to go for it.

Dr. Weeks: Here again, Mr. Chairman, I am dealing with a field in which I do not claim to have much knowledge, but I would have thought that with modern means of communication, such as television—and we have noticed that regardless of the level of poverty the television set is always there—that more and more young people cannot avoid seeing how other people live. Communications, both through the air and on the ground, will bring them more and more into contact with what is happening elsewhere. I would have thought that this in itself would make for restlessness and a demand for some of the breaks.

Senator Cook: If they watch TV all the time they see how people get killed, and not how they live.

Senator Fournier (Madawaska-Restigouche): And they have not the time to work.

Senator Fergusson: On page 7 you say:

The policy challenge is to provide effective alternatives for those engaged in these industries: first, for those who would remain in the primary sectors but in larger-scale and more efficient enterprises, there should be consolidation of many smaller units...

Has this been tried, and is it effective?

Dr. Weeks: I should like to point out in the first place that a very important factor is that this is not being forced on people, but what is happening in agriculture across the country, and across the world for that matter, makes for a situation where smaller units are going out because they are being absorbed by farmers who are continuing in the game. I believe I am correct in saying—and Mr. Saumier will comment on this—that efforts were made under ARDA to consolidate the acreage of smaller units into larger farms.

Senator Fergusson: What I am asking is: Has it been done in the Atlantic provinces, and if so has it proven successful?

Dr. Weeks: It is going on in the Atlantic provinces, regardless of whether any of the provinces are putting money into it or not.

Senator Fournier (Madawaska-Restigouche): It would be interesting to find out why, and where.

Senator Fergusson: I would like to know where.

Dr. Weeks: In Nova Scotia. I think you will find a very great deal of this going on in Prince Edward Island, with the potato farms particularly absorbing smaller units. I know that a lot of my own relatives have taken over neighbouring farms as the older people have left them. When the older people leave the small farms their offspring do not wish to continue, and the farms are taken up by the surrounding farmers.

Senator McGrand: I should like to know how many farms have been taken over in eastern New Brunswick, in Gloucester and Restigouche Counties. What has happened there under ARDA or FRED? What has actu-

ally happened? How many people have been involved?

The Chairman: You will get that on Thursday morning when Mr. Saumier is here. That is his special field.

Senator Fergusson: There is one more question I should like to ask. I do not know whether Dr. Weeks can answer it. At the bottom of page 7 you say:

...third, for older members of the labour force unlikely to benefit from retaining or relocation, early retirement is a possible alternative.

What are they going to do when they retire? They must have some kind of life.

Dr. Weeks: I should like to illustrate this in two senses. I am sure it is a point that Mr. Saumier will expand on. Under certain of the FRED programmes provision was made for farmers past, say, the age of 60 who wished to sell their land and get out of the farming business with a pension of, I believe, \$2,400. The second illustration is the case of the Cape Breton miner, for whom there is provision under DEVCO for early retirement with a pension.

Senator Fergusson: This only provides for them to have enough money to exist on.

Dr. Weeks: That is right.

Senator Fergusson: It does not provide anything else. Money is not everything.

Dr. Weeks: Oh no. It does mean that under the ARDA plans or FRED plans, if I am right, the man would be able to keep his house and two or three acres of land. It does not mean he gets \$2,400 and has to go and find a flat in Saint John, New Brunswick, to live.

Senator Cook: I think there are some excellent programmes here, but in Table 3 there are 1,040 applicants, with an estimated value of incentives of \$335 million and a total capital investment of \$2,612 million. Could you express an opinion on how many of those 1,040 applicants would not have started at all if it had not been for this programme? I know they are located in the areas, but apart from that how many do you think would not have started anywhere if it were not for this programme?

Mr. Lavigne: I would estimate approximately one-third to 45 per cent. I cannot say

none of them would have started a business of one kind or another, or expanded an existing business. They probably would have, but not where they did it. I would say probably between one-third and a half of them were influenced by this programme in the selection of where they put an installation. The big effect of the programme was to bring forward projects that were on shelves gathering dust, companies that had planned to do certain things, start certain businesses or produce certain lines, but were delaying until better times came, or the market developed, or until the company was in a better position and so on. They had many reasons for not going ahead.

Senator Cook: It was a good idea but they were not prepared to go ahead.

Mr. Lavigne: Not to do it now. This programme came along and offered them the incentive to do it now because it paid part of the capital cost, so they decided to take the plans off the shelves and produce something they were not producing or do something they were not doing.

Senator Cook: Is the programme still continuing?

Mr. Lavigne: Yes, it is, sir.

Senator O'Leary (Antigonish-Guysborough): Some day soon perhaps we will see the formula you used to arrive at \$5,000.

The Chairman: \$5,000 a job?

Senator O'Leary (Antigonish-Guysborough): Per job opportunity.

Mr. Lavigne: It is a simple formula. What we have done is to take the amount of commitment the government has made in the way of grants and calculate the number of jobs being created in the plants that have been put into place or expanded. We have published these figures. I think in round figures it is \$5,750 per job. It is a simple mathematical process.

The Chairman: I understood you to say that for every job created there were one and a half or two jobs created in other industries related in some way.

Senator Fergusson: Service industries.

The Chairman: Generally, was that not true?

Mr. Lavigne: This varies, as these studies indicate. I suggested earlier that in Southern Georgian Bay it might have been too early to do the study one year after the area was removed from the list and all the plants are not in commercial production yet. It is a little early, but we wanted to start right at the beginning to see the effect of the programme at the beginning and follow on into the early 'seventies to see what happens. I think the multiplier effect in this case was about point three (0.3), so that for every 100 industrial jobs created 30 more were created in the service sector. In Newfoundland the order was three to one; in other words, for every job created in a fish plant three other jobs were created in a related industry. In the United States the Department of Commerce uses a multiplier of approximately three to one, three jobs in the service industries for every one created in a manufacturing plant. I think that generally that is reasonable. Given another two or three years for the plants that were put into the Southern Georgian Bay area to get into full production, I think we would get a better reading of the multiplier effect.

In Table 3 we give the number of active applications, where the company has already been given a commitment that they will get a grant, or where we are studying their application for a grant. We have had over 1,600 applications but had to refuse some. In other cases the company has withdrawn the application, or we have found the company would not be eligible for grant because it was not carrying out a project according to the act and regulations. Those in the table are active applications, where the plants are now in place, or being built, or on the drawing board.

The Chairman: ADB, ADA and ARDA have been operating in the Atlantic region for a number of years now. How successful have they been?

Dr. Weeks: You wish me to comment on that, sir?

The Chairman: Let me ask you another question then.

Dr. Weeks: Perhaps I could answer partly.

The Chairman: I do not want to get you in wrong with your colleagues, so let me ask you another question.

Mr. Lavigne: He is already in wrong with his colleagues, Mr. Chairman.

The Chairman: All right, get in wrong some more then.

Dr. Weeks: I would refer here to the Atlantic Development Board. I think that the Atlantic Development Board's contribution in the Atlantic region has been basically two-fold. First, it has created a physical environment that will prepare the way for a great deal of the industrial incentive efforts of the coming years, a physical environment that would have had to be put in by somebody at some time anyway, and we put it in fast. Secondly, the Atlantic Development Board's planning studies, some of which you have seen—on agriculture, forestry, fisheries, minerals will be coming out this week, and later on there will be one on education and another on water resources—are only the tip of the iceberg. There is a tremendous amount of basic analysis and research carried out on the Atlantic region. This supply of data will be absolutely fundamental for both the provinces and the federal government in the measures that have to be taken in the years to come.

The Chairman: Doctor, if I assume that you are saying that it is successful then why has the Government changed its focus and purpose?

Dr. Weeks: I think there is this very important point and I am sure my colleagues will agree with me. One, principles which we had certainly recognized in the Atlantic Development Board was that our work in infrastructure was merely a gap-filling effort, but the development in future would have to be on a comprehensive basis in which you made the best possible use of every avenue. It makes a lot of sense to tie in your industrial development angle with what you are doing on rural development and what you are doing on infrastructure as well as on overall planning. I think the Government was moving in the direction of bringing all aspects to bear on particular problems.

I would like to mention one final thing, that as far as the Atlantic Development Board was concerned, we did not cross the lines of other agencies. We always took, as a principle, that we should not be doing what some other agency could do or should be doing in our place.

The Chairman: That does not concern us the slightest. We do not care who does it as long as it is done.

Senator O'Leary (Antigonish-Guysborough): Duplication does concern us.

Senator Fergusson: May I ask one question?

The Chairman: Yes.

Senator Fergusson: We had witnesses before us who did not approve at all of money being given to businesses and to industries through Government programs in order to prevent poverty and who said that it would be much better if we gave the money directly to the poor people and let them make the best use of it. What do you say about that?

Dr. Weeks: You comment on that; I will comment on it afterwards.

Mr. Lavigne: May I say something that may be relevant?

The Chairman: Certainly.

Mr. Lavigne: The area development agency was in business, from 1963, until recently, which is six years. In that time almost 300 new plants were put up or existing plants were expanded to provide some 22,000 jobs in the four Atlantic provinces. Private industry invested some \$900 million in these facilities and it will cost the government in grants over \$105 million. I do not really think Senator, if you had given the money to the poor they would have used it as productively as this.

Senator Fergusson: It is poverty we are trying to eliminate, not to build up business.

Dr. Weeks: May I comment on a different angle? I would have suggested that if the money were taken and given, as previous witnesses have suggested, straight to the poor, this would surely not have gotten down to the bottom of the problem. You could merely give the money and that would be fine, but once that is dissipated you are still going to be left with a lot of the problem. Is it not the point that you need to put the money in such a way so as to create employment opportunities and an atmosphere for growth and for pulling the people permanently out of the poverty? Is that not the way you want your money to be used? If you just siphon it, within 10 years from now the money will all be gone. We feel you should concentrate your money on the two angles that are fundamental: creation of employment opportunities and the development of education and motivation.

The Chairman: Let me say that I think Mr. McQueen, if you read the evidence before the

committee, indicated that there was a lessening between the income in the poorer provinces and the richer provinces for a period of some years. He gave a period I believe of 10 years. Did you notice that, by any chance?

Dr. Weeks: I do not think you have very much change. If by differences in income per head I think you will find, if I recollect, that the Economic Council of Canada's report indicated it goes along pretty parallel.

Senator Cook: Was he not talking about the fact that many people are coming up over the poverty line?

The Chairman: That is right, Senator Cook. You know our problem. I do not have to tell you what it is. I have just five minutes for you, Mr. Lavigne and I have five minutes for Dr. Weeks.

Senator Roebuck: And about two minutes for me?

The Chairman: You can have all the time you like. We have lots of time for you. I would like to know from both of you people as to what we should be looking for and what we should be doing in order to discharge our obligations and our task in our responsibility to the poor people.

Mr. Lavigne: Mr. Chairman, you flatter me when you ask me to voice an opinion on what you and your committee should be striving to find out. I do not claim to be an expert on finding solutions to such difficult problems. I work in a rather restricted field. I feel that the program of industrial development in areas where there are large number of unemployed people and people earning very low incomes is an important program and certainly the results to date prove that it can be effective. All indications are that our minister intends to broaden this program and an attempt is being made to make it more effective, but certainly not to drop it. I agree that it is only one tool in fighting unemployment and attempting to raise income levels in areas of disparity.

I think it has to be coupled with education, training and the improvement of the social structure and the environment as well as the amenities that people require. After listening to Dr. Weeks and when you have heard Mr. Saunier, I am sure that you will appreciate the new department, given not only the programs that we have in existence now, but the programs that are being worked on and will be developed, that the department will make

a concentrated attack on this problem and I personally feel that results will be obtained. This will not happen in the short term, because poverty and unemployment and disparity are things that cannot be overcome in a short time. This will take time, certainly we are moving in the right direction. This is the only comment that I have to make.

The Chairman: Thank you.

Dr. Weeks: I would like to again sum up what I have to say under a, b, c, d, so to speak. A, I think it is very important that we really understand what the causes of poverty really are. These causes may not be absolutely obvious and they may be causes that differ from one part of the country to the other. In some cases the causes may be due to traditional factors; in other cases, isolation; in other cases it may be decline of a traditional industry. In other cases it may very well be the low educational and training standards which have created an environment which in turn created a cycle which keeps the thing going. We should first of all establish the causes.

The second thing which seems to me fundamental is that a great deal of attention could be devoted to a point which you have noted throughout most of my comments, that is, the question of motivation leading to change. You do not get very far unless people are interested in improvement and when I say "interested in improvement" this interest in improvement may mean interest in changed environment, mental environment as well as physical environment.

My (c) point is one which was referred to by Mr. Lavigne, the provision of employment opportunities preferably not too far from centres of poverty. Let me illustrate this point by saying that I think the case to which we have jointly made reference, the case referred to in the *Globe and Mail Weekly Magazine*, is one case. Here was a man moving from an environment in Prince Edward Island to an environment in Toronto. It would probably have been a lot easier for him to move to an environment in Saint John than to move to an environment in Toronto. Equally, if we have cases of Newfoundlanders, and we have had the experience on Bell Island, it might be more suitable if they are moving out of Newfoundland that they should not move too far.

The provision of employment opportunities in the region may not be feasible. We do not want a situation where people may come in for jobs where it may turn out that these are

not feasible or the jobs disappear and we have problems.

My (d) point is that in certain areas where it just is not feasible to provide industry in the long run, the people have got to have the skilled preparation and the mental—I emphasize a great deal the mental—preparation for moving elsewhere.

There is a final side to this, that is, to create an atmosphere in the areas where people go or should be going. The tendency in Canada is obviously a greater concentration in the larger urban centres. The environment in these urban centres should be such as to make it possible for people to live happily. People move in some cases to Toronto from the Maritimes. One of the great problems is the environment in which they feel at home, satisfied and happy.

I can quote a case that even happened in New Brunswick—Senator Fournier may be acquainted with it—where certain workers moved from Allardville area in eastern New Brunswick down to the shipyards in Saint John. The experiment was not successful because they were not accustomed to this kind of environment and did not feel happy, so they went back, to a lower standard of living.

Finally, I would emphasize that to be successful in solving the poverty problem we must create an environment where the people will feel happy in the areas where the jobs are going to be developed.

The Chairman: How do we create this environment?

Dr. Weeks: Here is a situation where I would have to turn to the sociologist, but it strikes me that a great problem in modern society is a certain tendency towards de-personalization. Sociologists and politicians may know how, in the bigger cities, we have neighbourhood groupings where people feel that they belong and are not just digits.

Senator Fournier (Madawaska-Restigouche): Where you refer to environment and Allardville, the answer is very simple. They say why work, why do you not go to welfare?

Dr. Weeks: This brings up another point and I might mention another illustration, if it is not out of the way. A Prince Edward Island man was asked if he would work on the potatoes. He said he would not, that he was a fisherman. It was pointed out to him that the fishing season was over and that he would not be going again until May. He said he was

living on the unemployment payments until then and questioned why he should work. This is a problem of motivation.

Senator Roebuck: I want to compliment these two gentlemen on the wonderful addresses they have given us and their highly intelligent analyses as far as they have gone. It has been a wonderful meeting, one of the best meetings we have had yet. It has been most informative. They have shown very clearly the advantages of incentives for the promotion of industry.

It has been unfortunate, however, that those incentives are such that they cannot be applied to the whole economy. As I brought out in a question, it would have required a tremendous amount of money if every section of the community had to be bribed into doing its job by Government grants. That is not a natural way of doing the job. That policy cannot just be applied generally or indefinitely to effect any permanent cure of the problem that we are studying, that of poverty.

There is no doubt that the way to solve poverty is the multiplication of jobs such as these gentlemen have been describing, in a comparatively small way.

We have to realize that industry is the application of human labour to natural resources. Gentlemen, you have said nothing and seemed to avoid the question of the availability of resources. We got into it in the question of forests and it did come out that 80 per cent of the forests of New Brunswick are in private hands under lease and those lands are very nearly completely idle year after year. It has been admitted that there are other incentives that have to be gone into in addition to what you have been doing. One of them certainly is this question of the availability of natural resources at the price at which they can be used profitably. You have not touched on that at all. Therefore, while I compliment you very highly indeed on the presentation and the intellectual quality of what you have said and while I ought to

compliment the Government on what it is doing in the provision of jobs—these few thousand jobs, which is a good thing, and also as far as education is concerned on the qualifying of people for taking the jobs, as one part of the program—I may say that is only a part of the problem. It is the combination of the two things that may finally bring us out of the slough of despond in which we are now, where very large numbers of people, it is feared, all through the country, from one coast to the other, are concentrated to excessive degrees in certain localities. The Economic Council has pointed out that this applies to all the provinces. Our problem is not just for the pockets of unemployment but to change our arrangements so that jobs will be plentiful for everybody. That is all I had to say. Thank you, gentlemen, for your very interesting and acceptable presentation.

Senator O'Leary (Antigonish-Guysborough): Dr. Weeks, when was your deep harbour study published?

Dr. Weeks: Within the last two weeks.

Senator O'Leary (Antigonish-Guysborough): Has it been circulated?

Dr. Weeks: It is available, and I believe it has been circulated to everybody as well.

The Chairman: On behalf of the committee, may I extend our appreciation and thanks for the brief and the way in which you answered the questions. You have been most helpful to us. Thank you.

I also wish to thank the committee members, who, at some sacrifice to themselves, came here today when the Senate is not sitting in order to carry on the arduous task before us.

I just wish to indicate that on Thursday we expect to have Mr. Saumier and Mr. Kent with us.

The meeting adjourned.

APPENDIX "E"

SPECIAL SENATE COMMITTEE
ON POVERTY

A Brief on the Work of the Area
Development Agency Program Assessing its
Impact on Poverty
presented by

W. J. Lavigne, Assistant Deputy Minister,
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Mr. Chairman and Honourable Senators:

1. To begin with, I wish to say how honoured I am to be invited here and to have the opportunity to provide you with some of my observations in regard to the Area Development Agency program and the implications that it has had in regard to area and regional poverty. In my opening remarks I would like to point out that the Area Development program has undergone considerable evolution since its beginning in 1963. While the life of the Agency itself terminates with the birth of the Department of Regional Economic Expansion, the department in a sense marks still another step in the evolution of the program of Industrial Incentives.

2. I mention the evolution of the Area Development Agency program for two reasons:

3. First, I think that change resulting from observations of the program itself and in part from criticisms and reaction from the public at large demonstrates a healthy process and attitude towards policy formulation.

4. Second, and more germane to my topic today, I believe that an awareness of the way the program is changing is important in order to assess its implications as it relates to situations of poverty.

5. In retrospect I would say that there have been at least three fundamental changes in the ADA program since its inception in July of 1963 up to the present time. Two of these changes involve the basis on which designated areas were selected. The other fundamental change relates to the type of incentive provided. I make a distinction between the basis on which areas were designated and the type of incentive provided for very good reasons. The basis or the criteria on which areas were selected is very important for it determines the geographic areas in which the incentives were applied. On the other hand, the type of incentive provided

has to do with the inducement offered to industry. The type of incentive you might say is the instrument or the tool used to get the job done once the areas to receive assistance have been selected.

6. At the commencement of the program in 1963 the main basis used for the selection of designated areas related to conditions of exceptional degrees of unemployment. To paraphrase the Honourable Mr. Drury's statement on the subject to other Committee meetings, the Area Development legislation was formulated and brought into effect during a period when unemployment was at a serious level. The situation at the time reflected in part the recession in 1957 and again in 1961, when the proportionate total labour force which was unemployed was reported officially at 7.2% nationally and very much higher in certain areas of the country. Given this situation the Area Development Agency program grew quite naturally out of two circumstances—first, the areas of concentrated unemployment and, secondly, the importance of secondary industry as a means of fostering economic activity and full employment.

7. The initial designation of areas was based solely on criteria relating to employment and unemployment conditions. In brief, an area was designated if, taking into consideration conditions of seasonable unemployment, it was classified by the Department of Labour as being a labour surplus area. The initial designation involved 35 National Employment Centres and included such places as Windsor, Brantford, Cornwall in Ontario and St-Jean in Quebec. Coverage of the Atlantic Provinces was limited to 13 areas and restricted to only one area in Western Canada. This initial phase of the program coincided with the availability of the income tax holiday type of incentive.

8. Within a relatively short period it was observed that the program was achieving considerable response in certain areas. As a result of the subsequent review in 1964 it was

determined that the employment situation in the areas of Brantford, Pembroke and St-Jean had substantially improved and these areas were accordingly dedesignated. During the short period in which the Brantford area was designated we have knowledge of the completion of 23 projects which, in total, represented approximately \$24 million worth of capital investment with the creation of over 1,900 job opportunities. In St-Jean, Quebec, there were 14 successful projects completed under the ADA program representing a total capital investment of over \$19 million and the creation of over 1,250 job opportunities. In the Windsor area, which was dedesignated one year later, we have knowledge of the successful completion of 34 projects representing over \$71 million of total capital investment, with the creation of over 2,840 job opportunities.

9. The basis of selecting areas for designation was substantially changed during the year of 1965. The criterion of high levels of unemployment was retained, but other criteria relating to factors of low incomes, incidence of low income distribution and slow employment growth were added. In this approach the criterion relating to unemployment was de-emphasized and the fundamental basis of selecting areas was changed to the selection of those areas which exhibited an abnormally high degree of economic stress when compared to national levels.

10. Under the new criteria 65 National Employment Service areas were designated and 16 Counties or Census Divisions. The extent of the coverage of the program was 26 N.E.S. areas or Counties in the Atlantic Provinces, 25 in Quebec, 10 in Ontario and 20 in Western Canada. At the same time, the Government announced its decision to replace the former income tax holiday incentive with the system of financial capital grants. In this regard Mr. Drury explained that experience has shown the income tax holiday is a benefit mainly to those firms which are able to reach a profit position at an early stage in its operations. Other firms have to provide for market development and for other settling-in costs in their first years of operation, and accordingly, their profit position in the very earlier years is very limited. Moreover, it was found that the smaller firms in particular experienced difficulties in initial financing. It was considered that the new financial grants type of incentive would prove to be not only more effective but at the same time allow the Gov-

ernment to more effectively determine the cost of the program. In the subsequent years we have found this reasoning to generally hold true.

11. In a review of the program in 1967 the Southern Georgian Bay area of Ontario was dedesignated, and I will report on our findings relating to this area later. Minor changes were made in the criteria affecting designated areas in the 1967 review, however the schedule of financial grants has remained basically the same from 1965 up to the recent merging of the Area Development program into the Department of Regional Economic Expansion under our Minister, the Honourable Jean Marchand.

12. To complete this brief summary of the past history of the Area Development program, I would point out that the program will probably give way to the broader and more comprehensive programs indicated by the Minister of Regional Economic Expansion. On April 28th, the Honourable Jean Marchand announced that the Canada Manpower Centre areas of Halifax-Dartmouth in Nova Scotia, and Saint John and Fredericton in New Brunswick have been designated for industrial development incentives. This is the first use of the designation powers provided in the legislation which established the new Department of Regional Economic Expansion. It is important because it reflects another fundamental change in the selection of areas. The basis of designation within a given region now allows for the larger centres which have greater potential for economic development and growth to be included with those areas exhibiting conditions of economic stress.

13. During the course of the last six years we have amassed a considerable amount of data on the ADA program which has been subdivided in many different ways both along industrial lines and geographic lines. I could give the Committee a lot of figures on the ADA program. I have decided instead to append three statistical tables which will provide you with a broad overview of the program to March 31, 1969. The first table relates to projects that have been given assistance under the income tax holiday incentive scheme. The second relates to projects that have been given assistance under the financial grants scheme. The third table incorporates both of the above as well as the additional applications for which we consider projects to be still actively pending as of March 31, 1969.

14. Although these tables provide an overview of the program and give the broad flows of investment and the broad magnitude of job opportunities created, they do not answer many of the specific questions that I am sure this Committee is concerned with here today. That is, other than by implication, they do not provide us with knowledge of how the program has created jobs for the unemployed, nor do they indicate the extent to which the income position of the underemployed has been improved. Nor is it possible from the general statistics to determine the extent to which the job opportunities were filled by local people as opposed to those alien to the community.

15. While we have never had a large research staff, we have always been concerned with the operations of the incentive program and its impact on areas that have been designated. As a demonstration of this, in the spring of 1966 we sponsored four separate studies intended and designed to test the impact of the ADA program in selected designated areas. These studies were to be carried out over the course of two years and the studies were let out on a contract basis to four universities—three in the Atlantic Provinces and one in Ontario. We launched these studies with full knowledge that at the time it was premature to assess the full impact of the ADA program on an area and regional basis. This was especially true in the Atlantic Provinces where the majority of the areas had only been designated as recently as 1965. Because of the time lag involved in constructing plants we knew only a small portion of the applicants under the program would be in commercial production at the time of the study. On the other hand, we felt it important to forge ahead and where possible to document the impact of the ADA program, and to make forecasts into the future.

16. Similar terms of reference were set up for each of the four studies. In each case the researchers were to assess the primary and secondary economic impacts of the ADA program through the focal point of the designated area, to calculate local, regional and national employment multipliers with respect to ADA induced industries, and to study the input and output linkages from the assisted firms, not only as they related to the designated area, but also to the region, to the nation, and even to foreign linkages. Of the four studies contracted out, three have now been completed and we have preliminary reports in hand.

17. In the remaining portion of this paper I will attempt to summarize the findings of these three studies. Before doing so, however, I would like to add two further comments about the studies. The first is that, for reasons of confidentiality relating to our applicants we were able to provide only a limited amount of information to the universities concerned. As a consequence, the findings in these studies represent extensive surveys at their own initiation. Secondly, in a review of the studies we have noted not only a variance in the impact of the ADA program on a geographic basis, but we have also noted that the researchers themselves have applied somewhat different methodologies and have enriched the reports with their own experiences and opinions.

18. The study in Ontario was concerned with the impact of the Area Development Program in the Southern Georgian Bay area. It was carried out by Professors Yeates and Lloyd, both of the Department of Geography, Queen's University. During the course of the study the researchers undertook an extensive field survey during the summer months of 1966, which was again supplemented by a field survey in 1967. The focal point of the study was the designated areas involving the Canada Manpower Centre areas of Midland, Collingwood and Owen Sound. For comparative purposes the Researchers also examined a peripheral area which extended in a 25 mile belt along the southern boundary of the designated area.

19. As a part of their study the researchers analyzed the economic conditions in the Georgian Bay area prior to its designation. They found the area was much less buoyant than the peripheral area to the South which was, in turn, less so than for Ontario as a whole. They reported that initially the general economic trends indicated that the designated area was relatively poor, with an aging population, a high rate of unemployment, and relying on an industrial base heavily weighted by traditional wood working industries. The eastern part of the study area, however, showed signs of change as a result of the construction of Highway 400 which connects this area to Toronto.

20. By May of 1968 under the impetus of the ADA program, over \$80 million of industrial investment had poured into the designated portion of Georgian Bay. This, the researchers say, has diversified the industrial base, and has planted within the area seeds of

rapid industrial growth. Much of the new investment is associated with motor vehicle manufacturing and electronics industry.

21. The impact of new investment on employment opportunities has been noteworthy. Direct employment created in ADA assisted firms as of August 1967 was in the order of 2,222 jobs. This is of sufficient magnitude to revolutionize the previous basis of industrial activity in the designated area. They found that new employment was heavily concentrated in industries that were linked with widely acknowledged growth sectors in the North American economy, namely motor vehicles and electronics. Many of the new jobs created through the scheme have been in the female grades, in which hitherto, job opportunities have been limited. Furthermore, this increase in employment opportunities has spread over a wide variety of skills for both males and females. The new and expanded plants have also provided jobs paying significantly higher wages than those previously normal to the area. For new plants the mean annual wages was \$4,060, for expanded plants \$3,530, but for those industries which did not receive assistance the equivalent figure was \$2,760. The researchers estimated that by 1970 the direct ADA impact in terms of total payroll will result in a doubling of the 1964 payroll in the designated area. By 1970, the direct impact of the ADA program will approximate 5,000 new jobs, a local payroll increment in excess of \$20 million, and an input to local taxation authorities of approximately \$1 million.

22. Through the purchase of goods and services the ADA assisted firms have had an indirect impact on the other non-assisted manufacturing plants both within and outside the designated area. At the time of the study induced employment in the other manufacturing plants and in the designated area was only 7, but the first round impact of the program on employment in manufacturing plants elsewhere in North America as a whole was of the order of 686 jobs. Thus, in the manufacturing sector alone, the multiplier effect of the ADA program in the designated area for North America as a whole was 0.31. It is considered that these indirect benefits were greatest in Toronto, southwest Ontario, and the northeastern United States. In this regard it was estimated that the ADA assisted investment in the Southern Georgian Bay area gave rise to 337 new manufacturing job opportunities in Ontario as a whole; 85 in the

rest of Canada and 264 in the U.S.A. However, with the advance of time and probable developing local linkages the designated area is expected to attain a greater proportion of the total multiplier effect.

23. A major effect of the ADA program on wage rates has been to transplant to the area a nucleus of industries which pay wages similar to those in the more heavily industrialized parts of Ontario. This, plus the heavy increase in demand for labour and resultant labour shortages, has caused wage rates in other industries to rise. In turn, a temporary labour shortage was associated with lack of low income housing. This shortage of housing has prevented inhabitants from moving to the towns and cities within the designated area to take advantage of employment opportunities. In spatial terms, the effect of the program has been to foster the processes of concentration of both the manufacturing industries and associated population in the centres of Owen Sound, Collingwood and Midland. Smaller centres, except for Port Elgin and Meaford, have received little direct benefit in terms of new industrial employment opportunities.

24. As far as the tertiary sector was concerned, the indirect impact of the ADA program was difficult to evaluate. The chosen analytical method, however, indicates that the impact will be considerable both on the ranges of service and retail activities in the area, and on employment in this sector. In the long-term, the researchers estimated that tertiary employment will increase by approximately 647 jobs within the designated area, yielding a multiplier estimate in this sector of economic activity of about 0.3.

25. In summary, the analysis indicated that even within two years the changes that have taken place are so profound that the area can now be considered to be within the mainstream of Canadian industrial economic life rather than at the fringe of it. Though there is a strong likelihood that the area would have been absorbed into this mainstream within the next 10 years, the researchers were of the opinion that there is little doubt the ADA program has been the catalyst that has brought about this change in one-fifth of the time. In today's rapidly changing world, such an acceleration is vital particularly for the inhabitants of the area.

26. The assessment of the ADA program in the Georgian Bay area in Ontario differs substantially from assessment of its impact in

New Brunswick. The New Brunswick study was carried out by Professor Larsen, Department of Economics, University of New Brunswick. A basic difference between the two studies is in part explained by the fact that the Queen's group assessed the ADA program relative to a small geographic area with a population of about 110,000. In contrast the University of New Brunswick study assessed the impact of the ADA program in terms of the total provincial economy and its population of over 616,000. However, an even more fundamental difference between the studies is the proximity of the two areas to the large markets of Central Canada. The Georgian Bay area, while clearly identified as being at one time economically stressed, nevertheless has the distinct advantage of being located at the back doorstep to the great industrial markets of Southern Ontario. New Brunswick, on the other hand, does not in itself represent a large self-contained market area, nor can it claim ready access to such a market.

27. The research team in New Brunswick based the greater part of their findings on the examination of 49 plants for which ADA assistance was being extended. This is slightly less than half of the active applications that we have now received from that Province.

28. In contrast to the findings in the Southern Georgian Bay area, the New Brunswick researchers reported a marked dispersion of ADA assisted plants, with one or more plants located in each of the designated areas of the Province. Generally the location of the plants was closely linked to the resources of the area. For example, plants entering the Bathurst area were nearly all linked to the base metal deposits discovered in that area. Plants entering or expanding in the Woodstock area were virtually all linked directly or indirectly to the forestry sector or to the agricultural sector. The extent of developments in the chemical products segment was linked very strongly to either agricultural or pulp and paper. The majority of chemical plants were involved in little more than mixing and distribution of chemicals or fertilizers. The new establishments concerned with metal refining were of course new to the economic structure and had already generated a number of linkages with other industries. However, unlike the Georgian Bay area the researchers found no evidence that the assisted plants were inducing a strong industrial

structural change from that which was traditional to the Province.

29. The rather wide geographic dispersion of plants was creating its own peculiar problem. The researchers reported that in the majority of ADA assisted projects there was a very high incidence of unskilled employees. A considerable number of plants reported that the local areas could not supply trained or semi-skilled employees in sufficient quantity. Recruitment outside the local areas referred virtually 100% to skilled labour, trained managers and technicians. The skill content of the total labour force appears to be adversely affected in areas receiving a heavy influx of food-processing and wood-processing industries, which relied primarily on unskilled labourers. This is in conflict to the frequently cited objectives of overall economic development where the upgrading of the labour force is induced through industrial structural changes to progressively higher valued activities. On the other hand, as the researchers pointed out, the adverse situation had its positive side, where, in the short run, the industries demanding a quantity of unskilled labour were able to employ a portion of hard core unemployment. The positive effects were weakened, however, inasmuch as labour demand associated with these industries tends to be highly seasonal and the average pay rate is typically close to the legal minimum level.

30. Of the 49 ADA assisted plants \$14.8 million in total wages and salaries were paid out during the last complete financial year. Allowing that some jobs were in fact replacement to existing job opportunities the researchers estimated that the net increase in total wages and salaries amounted to \$13.0 million. On an average, the wage and salary levels for ADA assisted plants were found to exceed the averages for the total New Brunswick manufacturing sector for all activity types. However, the rates of increases in wages and salaries in total manufacturing in New Brunswick between 1963 and 1966 were less than the rates for all of Canada. It appears that while the introduction of ADA assisted plants is responsible for an upward push the impact has not been strong enough to diminish the income difference between all of Canada and New Brunswick.

31. In terms of realized employment the researchers drew similar conclusions. They pointed out that ADA assisted plants attracted 293 employees from outside the Province

leaving 2,235 jobs to local residents. Relating this to an outward migration of the labour force for the period 1963-1967 estimated at nearly 10,000, they concluded that while ADA induced employment had a positive effect the impact was still inadequate to stem the flow of outward migration.

32. In their concluding remarks the researchers expressed some rather concise observations and opinions in regard to the ADA program. They did so by looking at the program from the point of view of the provincial economy. They pointed out that availability of capital through industrial incentives was the main policy instrument of the ADA program. They were of the opinion that while this may prove sufficient to relieve unemployment conditions in Central Canada the development problem on which most or all of the Atlantic Region is based calls for a more sophisticated "medicine". They cited that the current economic situation within the region leaves only limited opportunities for the better trained and progressively motivated individual. It is a condition which is induced from outward migration and constitutes a weakening of the human resource base, the most important factor to growth process. They suggested the situation could only be improved by establishing or deriving a competitive environment with modern, efficient and adaptable institutions. They pointed out that the inducements under the ADA program have led to considerable dispersion of plants established among rural environments and that these establishments later discovered the inadequacies of services and industrial linkages. The availability of trained labour was also frequently scarce in these environs. They expressed the opinion that the dispersion of plants in thinly populated hinterlands may have a negative impact on the growth pattern of the Province's economy by failing to generate strong linkage effects, exhibiting weak demonstration effects and by failing to promote necessary structural technological and institutional changes. They noted that entrepreneurship appeared to be in short supply within the Province. They were of the opinion that relatively slow urbanization rates must also be held responsible for the absence of adequate economic expansion and they urged the creation of growth poles that would create a demand and supply for components, thereby contributing to the extension of the domestic market producing and consuming industrial goods.

33. The study of the ADA program in Newfoundland was undertaken by Professors Hurwitz, Cho and Weisser, all of the Economics Department, Memorial University. They assessed in very great detail the inter-industry linkages emanating from 13 different types of manufacturing industries. These industries represent 19 firms which had either received assistance from ADA or had made application to ADA for assistance. Using input-output techniques the researchers were not only able to trace the inter-industry flow of commodities among the different industries, but also were able to make projections with regard to the output, employment, and income generated from these industries. Although the number of industries that they covered are too numerous to discuss in detail, I would like to provide you with one example which relates to the potential impact induced by six fish processing establishments.

34. In carrying out their analysis, the researchers quite correctly noted two separate types of expenditures associated with plant developments. One type of expenditure they noted was "on site" expenditures. This is the construction phase. Expenditures on construction add to the capital stock of the province and produce income to construction workers which has a once and for all multiplier effect throughout the rest of the province. It is a sort of "one shot" impact to the local economy. Quite distinct from this is the impact of the incomes derived from the annual sales of the plant. If we associate this with the annual wage bill the impact of the plant carries on for as long as sales can be maintained and the plant continues in operation. It is this latter type of impact that the Professors from Memorial University gave the most prominence to.

35. In the case of the fish processing plants most of the inputs required were primary products, all of which were locally procured. The researchers established that the six plants analysed had a total output capacity of \$12.5 million per year. Since in some cases the products of these plants served as inputs to other plants for further processing and were also subject to markups at the wholesale and retail levels, the total expansionary effect to the economy was estimated in the neighbourhood of \$14.8 million per year.

36. In terms of employment the researchers noted the six plants provided 1,168 direct job opportunities. This in turn provided 2,735 additional jobs in the economy, with more

than half of these located in the fishing industry. In this case the employment ratio was unusually high at 3.3. That is, for every job created in the plant it gives rise to additional 3.3 jobs outside of the plant. In terms of income, the annual wage bill to the industry was estimated at \$1.8 million, the additional annual income in the economy was estimated at \$8.6 million.

37. The magnitude of employment and income generated via some of the other industries while less impressive than the example I used nevertheless showed positive gains for the provincial and regional economies.

38. In conclusion I may say that the findings of the studies on the impact of the ADA program as I have presented here, cut across my own observations of the program. In presenting this I have attempted to be unbiased and to raise the more relevant points which I hope you will find pertinent to the work of your very worthwhile Committee. While not negative to the ADA program the University of New Brunswick Study dwelt at length on the program's inadequacy when it comes to pushing up the entire provincial economy. This, of course, we cannot dispute. Many additional policy instruments are required and must be applied to achieve such a mammoth task.

39. In the context of the many and varied situations of poverty the ADA program could only have a direct impact on those individuals who have the capabilities of entering into the labour market. The sick, the infirm and the otherwise handicapped are of course largely out of its realm except to the extent that such programs as ADA strengthen the economic base of certain communities and thereby contribute indirectly to welfare care.

40. In this brief paper I have attempted to provide you with changes that have occurred in the selection of designated areas. It is relevant that the program has been directed toward the regions which are recognized to be economically stressed. I have also attempted to provide you with the impact of the program in some of these areas. I know that much that I have presented here still leaves many questions unanswered. Even with the detailed information that we now have on hand, at most, one can only draw some tenuous inferences as to the extent that it penetrates into the hard core poverty situations. For my part, I know the program to be one of action. I have seen and felt the dynamics of communities benefiting from industrialization. With due regard to the complex ramifications of the program and the ever present need for improvement, I do commend to you that through the use of industrial incentives we do have a very powerful tool to set the stage for economic growth and hence to the creation of opportunities for those who are employable but poverty stricken.

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H. K. Larsen. *A Study of the Economic Impact Generated by ADA-Assisted Manufacturing Plants Located in the Province of New Brunswick*. University of New Brunswick, March 1969.

N. Hurwitz, Y. R. Cho and M. Weisser, *Area Development Agency Impact Study in Newfoundland and Labrador*. Institute of Social and Economic Research, Memorial University of Newfoundland, March 1969.

TABLE 1--ESTABLISHMENTS ENTITLED
TO ASSISTANCE UNDER THE AREA
DEVELOPMENT AGENCY INCOME
TAX HOLIDAY SCHEME
December 31, 1963 to March 31, 1969¹

Province	No. of Applicants	Total Capital Investment	No. of Job Opportunities
In Dollars			
Newfoundland.....	3	8,073,000	395
Prince Edward Island.....	—	—	—
Nova Scotia.....	16	61,346,000	1,826
New Brunswick ...	12	9,207,000	445
Quebec.....	40	82,832,000	2,619
Ontario.....	98	226,397,000	8,736
Manitoba.....	4	1,439,000	450
Saskatchewan.....	—	—	—
Alberta.....	2	1,585,000	112
British Columbia...	4	2,040,000	186
CANADA	179	392,919,000	14,769

¹ Preliminary. The value of Tax Incentives is not available.

Area Development Agency—Department of Regional Economic Expansion.

TABLE 2 -ESTABLISHMENTS RECEIVING ASSISTANCE UNDER THE AREA DEVELOPMENT
AGENCY FINANCIAL GRANTS SCHEME
July 1965 to March 31, 1969¹

Province	No. of Applicants	Total Capital Investment	No. of Job Opportunities	Estimated Total ADA Incentive ²
In Dollars				In Dollars
Newfoundland.....	7	42,697,000	539	5,283,400
Prince Edward Island.....	6	1,077,000	89	308,450
Nova Scotia.....	34	24,009,000	1,724	5,547,634
New Brunswick.....	33	32,184,000	1,971	7,507,901
Quebec.....	76	108,147,000	4,180	19,141,233
Ontario.....	42	105,631,000	4,675	23,298,051
Manitoba.....	18	40,447,000	524	9,799,832
Saskatchewan.....	14	60,149,000	562	5,698,433
Alberta.....	5	512,000	97	132,833
British Columbia.....	19	7,466,000	575	2,011,792
CANADA.....	254	422,319,000	14,936	78,729,559

¹ Preliminary.

² Incentives are normally paid out to individual firms over a three-year period.

Area Development Agency—Department of Regional Economic Expansion.

TABLE 3—SUMMARY OF TOTAL ACTIVE APPLICATIONS TO AREA DEVELOPMENT AGENCY PROGRAM, INCOME TAX HOLIDAY AND FINANCIAL GRANTS¹
December 1963 to March 31, 1969

Province	No. of Applications	Total Capital Investment	No. of Job Opportunities	Estimated Value of Incentives (Grant Only)
		\$000		\$
Newfoundland.....	38	219,924	4,028	25,874,624
Prince Edward Island.....	24	5,818	971	1,585,555
Nova Scotia.....	131	374,660	8,841	38,656,380
New Brunswick.....	108	297,121	7,861	39,433,845
Quebec.....	289	800,110	16,934	96,803,400
Ontario.....	220	420,946	16,974	42,990,574
Manitoba.....	87	155,493	3,162	31,526,238
Saskatchewan.....	34	87,503	1,423	11,774,685
Alberta.....	21	76,326	954	12,209,806
British Columbia.....	79	116,109	3,172	24,914,848
Undecided.....	9	58,959	715	9,660,300
CANADA.....	1,040	2,612,969	65,035	335,430,265

¹ Preliminary. The data are compiled from applications for assistance under the Act. Active applications exclude rejection, withdrawals and suspensions. Estimates of total investment and the anticipated number of direct job opportunities represent the intentions of the applicants. The value of ADA incentives include estimates of the total tax holiday and financial grant type benefits as based upon stated intentions of individual applicants. Under the program benefits are normally honored in three annual instalments once the project has reached a stage of commercial production.

Area Development Agency—Department of Regional Economic Expansion.

APPENDIX "F"

PRESENTED BY: DR. E. P. WEEKS

Assistant Deputy Minister (Implementation),
Department of Regional Economic Expansion;
Former Executive Director, Atlantic Development Board

ATLANTIC DEVELOPMENT BOARD
SUBMISSION TO THE SENATE
COMMITTEE ON POVERTY

Introduction

1. The Atlantic Development Board was established by Act of Parliament in December 1962 as a semi-autonomous agency of unpaid private citizens to inquire into measures and projects for fostering the economic growth and development of the Atlantic region of Canada. It was to act strictly as an advisory agency to its Minister. A fundamental change in the nature of the Board was made in July 1963 when an amendment to the Act established a \$100,000,000 Atlantic Development Fund (later increased to \$150,000,000) to be used to finance programs and projects that would contribute to the development of the region's economy and for which satisfactory financing arrangements were not otherwise available. The Board was also given responsibility for preparing, in consultation with the Economic Council of Canada, "an overall co-ordinated plan" for the region. Two special appropriations totalling \$55,000,000 to assist the Atlantic Provinces with trunk highway development, plus \$2,000,000 to assist Nova Scotia with the Sydney steel plant and \$1,750,000 to assist Newfoundland with the Bell Island problem, brought the funds under the Board's administration to \$208,750,000. At March 31, 1969, when the ADB Act was repealed and the Board's responsibilities assumed by the Department of Regional Economic Expansion, the Board had committed approximately \$190,000,000 and had spent about \$140,000,000.

Poverty and Regional Development

2. This committee, no doubt, has been told many times that poverty is relative as well as absolute. While the amount of absolute poverty in the Atlantic Provinces—in the sense of there being inadequate food, shelter, clothing and health care—probably is greater than in any other region of the country, certainly on a per capita basis, it seemed to be the relative economic position of the Atlantic region,

vis-à-vis the rest of Canada, which produced the almost universal dissatisfaction that led the federal government to establish the Atlantic Development Board and other regional development programs. The argument used to justify special federal assistance for the region was not so much the prevalence of absolute poverty, but the fact that per capita income in the region was one-third below the national average with unemployment consistently running about one-half as high again. The primary emphasis, therefore, was on economic growth and development, not on the direct alleviation of poverty.

3. In its Third Annual Review, the Economic Council of Canada concluded that "the growth of the economy at the national level provides a necessary and favourable environment, but it is not in itself sufficient to secure major improvements in regionally balanced economic development." Hence, the need for programs such as the ADB to supplement national economic growth policies. By the same token, in helping to increase the general level of economic activity in the Atlantic region, the ADB might succeed in erasing some of the region's poverty. In a theoretical way, it might even be possible for the ADB and the other federal and provincial regional development programs to ease the region's relative grievance—its so-called "income gap" and higher-than-average unemployment—but without making any significant impact on absolute poverty, pockets of which would remain impervious to, and untouched by, most of the new employment opportunities engendered by a modern technological society.

4. The ADB, however, was concerned not only with providing a stimulus to the regional economy in order to create new employment opportunities; its mandate also required it to inquire into the basic causes of the region's lagging economic growth and to recommend

measures for promoting its sound, long-term development. This necessarily required the Board to delve into all aspects of the region's economic life—and, by logical extension, into many areas of its social life as well.

5. The Board's studies lead to the conclusion that regional development programs for the Atlantic Provinces must be inextricably linked with anti-poverty measures, and vice versa. This may not be true in some other parts of Canada where there are pockets of poverty within an otherwise vigorous regional economy. In such areas it may be possible to separate the poverty problem from the overall economic situation and concentrate more or less exclusively on the manifold and complex causes of poverty. But not in the Atlantic Provinces. Pockets of poverty in prosperous regions generally reflect the inability or unwillingness of individuals, or groups of individuals, to participate in the economy of the community or region because of ill health, physical or mental handicaps, inadequate education or required job skills, unfortunate family or community environment. On the other hand, in a poorer region these personal or group handicaps are exacerbated and, in part, created by the sheer inability of the economy to offer an adequate number of jobs at a wage level which provides an acceptable standard of living. Thus, while certain manifestations and conclusions are the same—a self-perpetuating circle of undereducation, general underdevelopment of human potential, loss of mobility, loss of motivation and initiative in both employee and entrepreneurial groups, siphoning off of the more vigorous and best-prepared elements of the population from the local society—the solutions may be quite different and certainly more difficult in the poorer region.

6. What is at work in the Atlantic region is a veritable complex of economic retardation in which all the elements of cause and effect are interacting in mutual reinforcement, rendering partial or piecemeal measures largely ineffective. Clearly, to break the cycle of poverty begetting poverty there must be a broad emphasis on the creation of new employment opportunities, coupled with measures to encourage related social adjustment.

Eastern Quebec and the Atlantic Region

7. Although the four Atlantic Provinces traditionally have been thought of as constituting one of Canada's five economic regions, it is becoming increasingly apparent that eco-

nomic regions refuse to follow the sharp and simple lines of provincial boundaries. Gérard Filion, the distinguished writer-businessman, illustrated this recently in a speech to the Richelieu Club in Montreal. "The Province of Quebec", he said, "is both well and badly situated from the point of view of economic development. In fact, there are two provinces of Quebec, the western one based in Montreal, dynamic and prosperous. Whatever may be said, Montreal area stands up well against the dynamism of the Toronto area. The two cities developed at about the same rate and the standard of living is not very different from one to the other. The other province of Quebec, the eastern one, belongs to the Atlantic region and suffers the fate of that area: a slow growth rate, high unemployment, an outflow of young people, a lack of dynamism of public institutions and of private enterprises."

8. Because of the existence of these "two Quebecs", the eastern one sharing many of the economic problems of the Atlantic Provinces, Hon. Jean Marchand, Minister of Regional Economic Expansion, has said that the area from "Trois-Rivières to St. John's" would receive priority attention from his new department. Mr. Marchand has also made it clear that regional development programs must be all-encompassing: "We are not talking about industrial investment alone but about a whole process of development—about education, about changing motivations, about mobility, about training, about investments in social capital, about sewers and drains and utilities, about local leadership and everything else. It is only if all this works together with new investments that we will get the full permanent changes we are looking for."

9. Throughout this submission, the term "Atlantic region" is used in its traditional sense of being restricted to the Atlantic Provinces, but most, if not all, of the observations contained herein apply equally to Eastern Quebec.

ADB Programs and Policies

10. While the Board's planning responsibilities were to encompass the region's economy in its entirety, as an administrative agency with spending powers the Board was to act as a "gap-filler". In this, it was to supplement the activities of other federal departments and agencies, pending the preparation of an overall development plan for the region. Accordingly, the Board followed the policy of assisting those projects the need for which

was most obvious and which almost certainly would be endorsed by long-term planning studies. Other regional development programs had also been established by the federal government and the Board had neither desire nor authority to duplicate their efforts. ARDA and FRED were active in the rural rehabilitation and development field and the Area Development Agency was extending cash grants to manufacturing and processing industries which located in areas of high unemployment. The most obvious "gap" seemed to be the pressing need for federal funds to improve the environment for industry by building up the region's basic infrastructure.

11. Electric power was high priced and in short supply, there was a serious shortage of modern trunk highways; there was little pre-serviced industrial land; no program existed to provide water to fish processing plants and new industrial undertakings; existing facilities for applied research were inadequate. The provincial governments were already stretching their financial resources to the limit in their attempts to improve educational facilities and attract new industry. They simply could not afford to make all the expenditures needed to provide a solid foundation for long-term economic growth. Through necessity, many of those expenditures which did not promise a direct and immediate return were being given lower priority. Left uncorrected, this tendency would have had the effect of depleting the region's existing infrastructure and making more difficult the provinces' industry-attracting efforts.

12. During its six years of existence, the Board committed \$66,500,000 for trunk highway development; \$56,000,000 for power development; more than \$30,000,000 for industrial water systems and other basic services to industry; approximately \$13,000,000 for applied research and post-graduate facilities; about \$10,000,000 for industrial parks; and \$15,000,000 for a wide variety of miscellaneous projects.

13. It would be premature to attempt at this time to measure the overall effect of the Board's "gap-filling" efforts. Certainly, the per capita income gap existing between the region and the rest of Canada has narrowed only minutely. This is not surprising in view of the long-standing and deep-rooted nature of the region's problems; indeed, even keeping pace with the rest of the country during a time of rapid national growth has been no mean feat. Moreover, it is only in the last

year or two that the major impact of the Board's programs have begun to be felt. The first stages of New Brunswick's Mactaquac hydro development and Newfoundland's Bay d'Espoir project, towards which the Board made grants of \$20 million each, went on stream in October 1967 and June 1968 respectively. The extension to the Trenton thermal plant in Nova Scotia, which is receiving a \$12 million Board grant, has not yet been completed. Many of the trunk highways assisted by the Board were opened only last year and many will not be completed until this season. The two large research laboratories built by the Board in Halifax and Fredericton are not yet in full operation. However, it can be said that a significant beginning has been made in providing the type of foundation the region requires if the people of the Atlantic Provinces are to share fully in the fruits of Canada's prosperity.

14. With the help of the Atlantic Development Board, the region generally, for the first time and for the time being at least, has adequate supplies of reasonably priced power; great strides have been taken in building a network of all-weather highways, vital for a competitive transportation system; nearly every major centre in the region now has serviced industrial land available to industry at reasonable prices; provincial research foundations, provided with the facilities that permit them to meet the technical and research needs of industry, will themselves act as attractions to industry; the major universities are developing post-graduate facilities that will enable them to become national centres of learning in fields of direct relevance to the regional economy, enhancing the growth and attractiveness of their host cities in the bargain; fish processing plants have been supplied with water at no capital cost to them or the provincial governments.

ADB Planning Activities

15. The Atlantic region is particularly prone to unemployment, the hand-maiden of poverty, in all its forms: cyclical, structural and seasonal. Just as Canada is said to catch a cold whenever the United States sneezes, so the Atlantic Provinces tend to suffer more when the national economy takes a downturn. Economic recession is felt first in the region and recovery is usually slower and more prolonged. This is due to the fundamental and pervasive weakness of the regional economy, and to its great reliance on the primary sectors, which are especially vulnerable to fluctu-

tuations in national and international economic conditions. Predominance of the primary sectors also is responsible for much of the region's structural and seasonal unemployment. Coal mining is perhaps the most obvious, but by no means the only, industry which has been affected by structural change. Seasonal unemployment is a feature of the primary sectors of fishing, forestry and agriculture, but also of tourism and small manufacturing and processing enterprises, all of which are important components in the regional economy.

16. The Board's planning studies suggested that a policy framework for the region should be built around the following: rationalization of the primary sectors, through policies designed to encourage fewer but more productive enterprises employing fewer but better paid people; intensification of the search for new sources of growth, principally in manufacturing, and development of a more discriminating, flexible approach to assist in the establishment of enterprises judged capable of attaining long-term viability; accelerated investment in education; and additional investment in social and business capital.

17. Rationalization in the primary sectors was considered essential because the existing structure of these industries is simply not capable of yielding acceptable levels of income. Rationalization is also essential to eradicate the sources of poverty and the mechanism of their self-perpetuation. The Board's recently published background study on the region's fisheries noted, for example, that in order to meet minimum income objectives an overall reduction in the number of inshore fishermen from 41,000 in 1965 to 17,000 in 1975 would be required. The inshore fishery was said to be "an instrument of poverty", particularly in Newfoundland. The same outlook was generally true for agriculture. The Board's report said that Maritime agriculture will continue to go through a painful adjustment in the next decade, leaving by 1977 just half as many farms and farmers as there were in 1961. The overall outlook for pulp and paper was bright, but major adjustments will be needed in the lumber industry, which has remained competitive only through the low wages paid to its employees.

18. The policy challenge is to provide effective alternatives for those engaged in these industries: first, for those who would remain in the primary sectors but in larger-scale and

more efficient enterprises, there should be consolidation of many smaller units, training in the required technical and managerial skills, improved plant and equipment, and more efficient marketing arrangements; second increased assistance for retraining or relocation should be available for those who still have a significant working life and who by reason of personal preference or lack of opportunity wish to take other jobs; third, for older members of the labour force unlikely to benefit from retaining or relocation, early retirement is a possible alternative.

19. The search for new sources of economic growth should be based on exploiting the region's natural advantages and reducing, where possible, its disadvantages. Board studies were undertaken to investigate the possibilities for further processing of the region's raw materials, substitution of locally manufactured goods for imports, increasing exports of the region's natural markets, encouraging tourism, and restructuring of the region's transportation function.

20. Accelerated investment in education is considered an integral part of development policy in order to improve technical and managerial skills in virtually all sectors of the region's economy, and to enhance social and occupational adjustment to economic change. Apart from the lower level of direct inputs, in the form of capital facilities, teacher training and teachers' salaries, Board studies suggest that the educational problems of the Atlantic region are rooted in the family and community environment and the low educational attainment of earlier generations; that factors such as adult illiteracy, family size and non-employment are just as important, if not more important, as lower direct investment in explaining why average educational attainment is less in the Atlantic Provinces than in the rest of Canada.

21. Board studies further concluded that, even after considering the large contributions which the Board and other federal agencies had made to the region's basic infrastructure, additional investment in social overhead capital was needed in such forms as roads, water and power; and municipal facilities and services to permit urban centres to carry out their function as sites for economic activity.

22. Before the end of fiscal 1968-69 three of the Board's studies, dealing with forestry, agriculture and fisheries, had been published as background documents to stimulate public discussion of regional development policies.

Since then, a Deep Water Harbour Study has been published and three other reports, dealing with minerals, education and water resources are due to be published within the next two months. Several others may follow. While these reports do not purport to be detailed plans for development—extensive negotiations with the provinces would have to take place before these could be prepared—they do contain the basic data, most of it assembled for the first time, from which comprehensive plans could be developed. These reports, and all other information gathered by the Board during its six years, have been turned over intact to the Department of Regional Economic Expansion. Equally important, all ADB staff members were

transferred automatically to the new department on April 1, giving the department a solid core of personnel intimately acquainted with the Atlantic region.

Conclusion

23. In its programming and planning functions, the Atlantic Development Board laid the basic foundation for future economic expansion and social adjustment in the Atlantic region. What remains for the federal government is to undertake, in co-operation with the provinces, comprehensive and concerted programs to accomplish the twin goals of regional development and the eradication of poverty. This is the challenge now facing the Department of Regional Economic Expansion.



First Session—Twenty-eighth Parliament

1968-69

THE SENATE OF CANADA

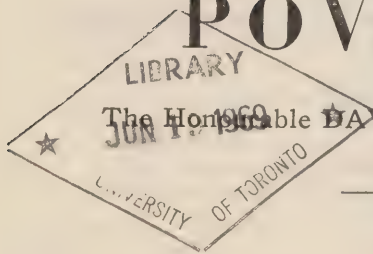
PROCEEDINGS

OF THE

SPECIAL SENATE COMMITTEE

ON

POVERTY



The Honorable DAVID A. CROLL, *Chairman*

No. 6

TUESDAY, MAY 20, 1969

WITNESS:

Mr. André Saumier, Assistant Deputy Minister (Programming), Department of Regional Economic Expansion, appearing in his former capacity as Assistant Deputy Minister, Rural Development Branch, Department of Forestry and Rural Development.

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman*.

The Honourable Senators:

Bélisle	Inman
Carter	Lefrançois
Cook	McGrand
Croll	Nichol
Eudes	O'Leary (<i>Antigonish-Guysborough</i>)
Everett	Pearson
Fergusson	Quart
Fournier (<i>Madawaska-Restigouche</i> ,	Roebuck
<i>Deputy Chairman</i>)	Sparrow
Hastings	

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

TUESDAY, May 20th, 1969.

Pursuant to adjournment and notice, the Special Senate Committee on Poverty met at 9.30 a.m., this day.

Present: The Honourable Senators Croll (*Chairman*), Carter, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, McGrand, O'Leary (*Antigonish-Guysborough*), Quart, Sparrow.

In attendance: Mr. Frederick Joyce, Director, Special Senate Committee on Poverty.

The Chairman announced that it has become necessary to re-arrange the time of appearance of future witnesses.

A statement prepared by Mr. André Saumier was submitted, and ordered to be printed as Appendix "G" to this day's proceedings.

The following witness was introduced and heard:

Mr. André Saumier, Assistant Deputy Minister (Programming) of the Department of Regional Economic Expansion, appearing in his former capacity as Assistant Deputy Minister, Rural Development Branch, Department of Forestry and Rural Development.

(Biographical information respecting this witness follows these Minutes).

At 12.40 p.m., the Committee adjourned until 9.30 a.m. Thursday, May 22, 1969.

ATTEST:

E. W. Innes,
Acting Clerk of the Committee.

BIOGRAPHICAL INFORMATION

M. André Saumier, Assistant Deputy Minister (Programming) with the federal Department of Regional Economic Expansion, was born in Montreal in 1933. He received his secondary education at the Collège de Saint-Laurent of the University of Montreal. He obtained his B.A. cum laude in 1951 from this university and was first of his year. He carried out studies in medieval philosophy in Rome (Italy) where he obtained a licentiate cum laude in 1956. Then, he attended the University of Chicago where he passed with success his Ph.D. exams in sociology in 1958. A scholarship of the Canada Council enabled him to write his Master's thesis in 1959 and to obtain the Master of Arts degree in sociology from the same university. On his return to Canada, he taught sociology and philosophy during two years at the Collège de Saint-Laurent and conducted several research projects at the Faculty of Arts of the University of Montreal. Afterwards, he went to Harvard University (Boston, U.S.A.) where he secured the title of Master of Business Administration in 1962. In 1962, he accepted the position of Research Director with the Socio-Economic Research Group of the Battelle Memorial Institute, Columbus, Ohio. He left this post in 1963 to become the first research director of the Canadian Council on Urban and Regional Research, which had been established shortly before through a major grant from the Ford Foundation. In 1965, M. Saumier left the Canadian Council on Urban and Regional Research to become Assistant to the Director General of the General Investment Corporation of Quebec, an investment company organized in 1964 by the Government of Quebec and some private interests. In January 1967, he was appointed Assistant Deputy Minister of the Federal Department of Forestry and Rural Development. M. Saumier is a lecturer in urban sociology at the University of Montreal since 1965. In 1966, he was president of the Quebec Welfare Council and of the Montreal Chapter of the Community Planning Association of Canada. He is vice-president of the Canadian Film Institute and member of the Cinematheque Canadienne. He is also, since 1967, a member of the Board of Directors of the federal Farm Credit Corporation. M. Saumier is a member of several scientific associations, including the American Sociological Association and the Regional Science Association. He is the author of articles published in Canadian and American magazines and he has contributed to several books, including "Planning the Canadian Environment" and "Une ville à vivre".

April 1969.

THE SPECIAL SENATE COMMITTEE ON POVERTY EVIDENCE

Ottawa, Tuesday, May 20, 1969

The Special Senate Committee on Poverty met this day at 9.30 a.m.

The Chairman (Senator David A. Croll): I call the meeting to order. The Department of Indian Affairs has indicated to us that it is in the midst of a policy decision, and has asked us to take them off our program until such time as that decision has been made. The Department of National Health and Welfare is also in the process of making a policy decision which will be very important, and it has asked us to wait until such time as that decision has been made.

In the light of these facts we have had to do some rearranging, and you will be receiving copies of the new program. The dates will be the same, but representatives of other organizations will be appearing before you.

We have before us this morning Mr. Andre Saumier, Assistant Deputy Minister (Programming) of the Department of Regional Economic Expansion. He will be speaking to us in his former capacity of assistant Deputy Minister, and rural Development. You have already received copies of his statement, which will be included in the printed proceedings.

(See appendix "G" to this day's proceedings)

Mr. Andre Saumier, Assistant Deputy Minister (Programming), Department of Regional Economic Development: Mr. Chairman and honourable senators, I do not intend to launch into a long philosophical discourse, and I have tried to make my brief, copies of which you have in your hands, as short as possible. What I should like to do is summarize the activities of the Rural Development Branch from its inception, by and large, in 1961 until today. That branch, with the coming into being of the Department of Regional Economic Expansion, has now ceased to exist as a formal entity and its duties, of course, have been taken over by the new department.

In June, 1961, the house unanimously adopted the Agricultural Rehabilitation and Development Act, which enabled the federal Gov-

ernment to do two things: first, to undertake certain research; secondly, to enter into an agreement with the provinces to launch a provincial financial program designed to encourage the development of rural resources. In June, 1962, the first such agreement, known as the first ARDA agreement, was signed between the federal Government and the ten provinces. This agreement was to run to the end of March, 1965, putting at the disposal of the provinces a federal contribution of \$50 million towards financing, according to a formula specified in the agreement, a number of provincial programs.

Senator Fournier (Madawaska-Restigouche): Was that \$50 million for the whole program?

Mr. Saumier: That was for the whole program. It was a program running for roughly three years, from June, 1962, until the end of March, 1965. This was viewed as a small amount of money designed to launch three essentially experimental programs.

Senator Fournier (Madawaska-Restigouche): May I interrupt to ask another question? Was the province supposed to finance 50 per cent of that?

Mr. Saumier: This varied according to the kind of programs that were to be undertaken, but by and large it was 50 per cent, and still is under the agreement.

Senator Fournier (Madawaska-Restigouche): Agreed by the provinces?

Mr. Saumier: That is right.

Senator Fournier (Madawaska-Restigouche): Mr. Chairman, I do not know whether this would be the appropriate time to ask questions, because I would like this point clarified. Would you prefer it to be done later?

The Chairman: Please allow Mr. Saumier finish what he has to say then we will give you the first opportunity to ask questions.

Senator Fournier (Madawaska-Restigouche): Thank you. I quite agree.

Mr. Saumier: As honourable senators may recall, the ARDA administration was at that time part of the Department of Agriculture. In March, 1964, the administration of ARDA was transferred to the Department of Forestry, which in turn some time afterwards became the Department of Forestry and Rural Development. The first agreement, which expired on March 13, 1965, was replaced on April 1, 1965, by a second agreement, which is still in force and is to last five years, expiring on March 31, 1970, and which puts at the disposal of the provinces, again to finance shared cost programs, an amount of \$125 million.

Senator Fournier (Madawaska-Restigouche): That was in 1965?

Mr. Saumier: In 1965.

Senator Fournier (Madawaska-Restigouche): That is over and above the first \$50 million?

Mr. Saumier: By that time the first agreement had expired, so the second agreement, which replaced the first, increased the federal contribution for five years to \$125 million.

Senator Fournier (Madawaska-Restigouche): Do you know how much of that \$50 million was spent?

Mr. Saumier: Not very much. I can come back to that later on, if you like.

Senator Fournier (Madawaska-Restigouche): Thank you.

Mr. Saumier: In 1966, to make clearer the change in orientation and philosophy underlying the second ARDA agreement, the act (which you will recall originally meant Agricultural Rehabilitation and Development Act) was amended by a unanimous vote of Parliament to change the name to Agricultural and Rural Development Act, and at the same time there were a few minor modifications that were not of any consequence.

One interesting aspect of the second ARDA agreement was the creation of a fund of \$50 million to help mount special programs for rural areas that were experiencing difficulties of a special nature. When the agreement was framed (so I was told, because I was not associated with the Government at the time) it was contemplated that to make this fund stronger a special bill would be passed by Parliament. Indeed, on July 1, 1966, the so-

called FRED (Fund for Rural Economic Development) Act was passed, again unanimously, creating a FRED fund of \$50 million to be spent in rural areas experiencing special difficulties.

Senator Carter: Could I interrupt to ask a question for clarification? You mentioned \$50 million in the new ARDA act.

Mr. Saumier: The ARDA agreement.

Senator Carter: In the new ARDA agreement?

Mr. Saumier: That is right.

Senator Carter: Now you mention another \$50 million for FRED. Are those two separate funds?

Mr. Saumier: In the second ARDA agreement there was an overall amount of money of \$125 million.

The Chairman: Did that include the original \$50 million?

Mr. Saumier: No.

The Chairman: That has gone?

Mr. Saumier: The \$50 million was over and above this.

The Chairman: So there was \$50 million, \$125 million and then another \$50 million?

Mr. Saumier: I am sorry, but this is a bit complicated. Under the first ARDA agreement there was \$50 million.

Senator Fournier (Madawaska-Restigouche): Not spent. That is the point.

The Chairman: Wait a minute and we will get to it.

Mr. Saumier: Under the second ARDA agreement there is \$125 million. Under Part VI of the second ARDA agreement the Government has the right to declare areas special rural development areas, and to mount special programs in the special rural development areas there will be a fund of \$50 million over and above the \$125 million. Part VI of this agreement, which created special rural development areas, became operational through the FRED act that created the fund, and created it in a way distinct from that in which it was contemplated in the agreement. I will come back to the differences in a moment.

Therefore, on July 1, 1966, the FRED (Fund for Rural Economic Development) act was unanimously passed by the house and approved by the Senate. It came into being, creating a fund of \$50 million. In May, 1967, the FRED act was amended, again unanimously, to increase the FRED fund from \$50 million to \$300 million.

Senator O'Leary (Antigonish-Guysborough): Do you want to go into that? How much of that \$50 million was spent at that time before it was increased to \$300 million?

Mr. Saumier: Well, if you will give me one moment I will answer your question. Under the FRED Act the Rural Development Branch has prepared, and two of the governments have signed, five FRED agreements. You will recall that the FRED Act was passed in July, 1966. In September, 1966 two agreements were signed, both with the Province of New Brunswick. One was for northeastern New Brunswick, with total expenditures of \$89 million. This was a 10-year agreement. There was another one for the Mactaquac area of New Brunswick, again for 10 years with total expenditures of \$21 million.

The Chairman: Would you show them on the map, for those who are not fortunate enough to have come from New Brunswick.

Mr. Saumier: Northeastern New Brunswick is this area here. Mactaquac is a very small area, about 40 miles away from Fredericton.

In May, 1967 an agreement was signed with the Province of Manitoba for the development of an area called the Interlake, which is an area lying north of Winnipeg, between Lake Winnipeg and Lake Manitoba. This is another agreement for 10 years, involving a total expenditure of \$85 million.

In May, 1968 an agreement was signed with the Province of Quebec for the development of the Gaspé area. This is an agreement for five years, involving a total amount of \$259 million. In March, 1969 an agreement was signed with the Province of Prince Edward Island, at that time it was for 15 years, involving a total amount of \$725 million.

Mr. Chairman, these have been the main activities of the Rural Development Branch. On the one hand it has been administering the various ARDA agreements, and on the other hand it has been preparing, negotiating, and supervising the various FRED agreements. Under the first ARDA agreement you will

recall that the total possible federal contribution was \$50 million. The amounts of money which have, in fact, been committed—although not entirely spent, because some projects agreed to under the first agreement are still continuing today—by the federal Government total \$34.5 million. This was spent for 683 federal-provincial projects and 46 research projects.

Senator O'Leary (Antigonish-Guysborough): Is that money spent or committed?

Mr. Saumier: Committed, I should say. You have some figures attached to my brief which go into this. This is the compilation of all the projects which have been approved by the federal Government and to which we are contributing. This list of progress, to date, is published in what is called the ARDA Catalogue, which you have seen. I would be very glad to send copies to those who would like to see it. The latest one is for the year 1967-1968. The one for the year 1968-1969 should be forthcoming very shortly.

I do not think, Mr. Chairman, that I should go into any long discourse. I have tried to give the highlights and I will be very pleased to answer questions which, I gather from what has already taken place, will be numerous.

Senator Fournier (Madawaska-Restigouche): We have been given a lot of figures here. I do not really know where to start. If I total some of the figures here I see that we are committed for over \$1 billion. I am not questioning the amount of money involved, but sometimes I am wondering what we have got in return for it. I should like to ask this question: How do you select your specific areas, such as the northern part of New Brunswick and Mactaquac?

Senator Hastings: From where do you get the figure of \$725 million for Prince Edward Island?

Mr. Saumier: The figure you have in the document, sir, is the anticipated expenditures for the first five to seven years, which is \$243 million. It is expected that over the 15 years of the agreement, there will be a total expenditure of \$725 million.

Senator Hastings: Out of FRED?

Mr. Saumier: These are the total amounts. If you look at the Prince Edward Island

agreement, for example, you will see that it is a complex program involving provincial money and money from other federal departments.

Senator Carter: It is not in my table.

Mr. Saumier: It is for the 15-year period.

Senator Carter: You give figures for only a seven-year period.

Mr. Saumier: This is for the Prince Edward Island FRED agreement, which will be operated in two stages. There is a first stage which foresees total expenditures of \$243 million. The last part of the period, which is some time in the future, will have to be renegotiated and we anticipate that by the time we are through, they will have spent \$725 million. The last part is still very uncertain.

Senator Fournier (Madawaska-Restigouche): That is my question. How do you arrive at the selection of these areas? How do you pick the northern part of New Brunswick and Mactaquac?

Mr. Saumier: The FRED Act says that FRED plans can be put together and implemented in rural areas which suffer from severe developmental problems. These FRED agreements have to be joint federal-provincial agreements and there is, of course, for the selection of an area a process of negotiation and discussion with the province, to define which areas of the province have the most severe problems but in respect of which there is some hope of resolution in the future through the FRED legislation. So there are no hard and fast criteria based on statistical data or whatever it may be which says that a FRED area is this area here and not that area there. This is something negotiated with the province as we go along and which is finally turned up at the time the agreement itself is signed.

Of course, as in the case of the northeast and the Mactaquac, one can see the effect of the FRED act which was passed by Parliament in July 1966, while the agreement was signed in September 1966. This was made possible because there had been, previous to the passing of the FRED legislation, some work going on before which made this legislation possible.

Senator Fournier (Madawaska-Restigouche): In your selection of the new development

in New Brunswick, I see nothing wrong with it, I think it is well deserved. I believe that the amount that you allocated was really large for possibly the requirements. I would have liked to see something going in the northwestern part of New Brunswick in which the situation is economically no better than the eastern part. Then, your selection of Mactaquac, if I understand the purpose of your committee of FRED, is to help desolated areas. Mactaquac was a booming area for the last four years as the provincial government, along with \$20 million from the Atlantic Development Board, were building a \$100 million power plant. It was for high tension lines. There was so much work in that area that people had to be imported by the hundreds and no one would think of the Mactaquac as being a desolated area as far as money was concerned. Mactaquac was one of the most active regions of all the Atlantic Provinces on account of the amount of work for thousands and thousands of people, going on for five years.

This is something I could never understand in your committee and the people who had in mind the desolated areas where money was needed to assist poverty, why you should have spent money on Mactaquac—because it is the most flourishing area in New Brunswick at this moment, up until they built the plant and until they finished the construction last year.

Mr. Saumier: The answer to that, Mr. Chairman, is best done by giving an example which is drawn from the Mactaquac. It shows why a massive public works project of the type just mentioned is often not the answer to a poverty program which exists in an area. While the dam was being built, this was, as the honourable senator mentioned, a \$60 million project...

Senator Fournier (Madawaska-Restigouche): \$10 million project.

Mr. Saumier: Within a stone's throw of what is now the dam there is a small Indian settlement of possibly 50 families and while this massive dam was being set up, as anyone who has witnessed it or goes there—as I did—knows those people are living in the most dire poverty. While the dam was being built not one of those persons worked on the project.

Senator Fournier (Madawaska-Restigouche): Did you say, not one?

Mr. Saumier: Not one.

Senator Fournier (Madawaska-Restigouche): Okay.

Mr. Saumier: If you go to the Churchill Falls side of that, which is a \$750 million project built in a province which is living through a very difficult period, namely, Newfoundland, everybody is aware of the very severe situation of Newfoundland right now. The number of people from Newfoundland who were working on the site of this massive project is very very small—not more than 10 per cent, I am told, of the labour force now employed in the building of the Churchill Falls project come from Newfoundland.

Senator Carter: I would like to ask a question on your figures there, because that was brought up in the Newfoundland legislature and the Newfoundland government sent a delegation down to investigate that very point and what they brought back was quite different from what you are saying now.

Mr. Saumier: I am going here by newspaper reports.

The Chairman: I understand you to tell Senator Fournier that while the dam was being built—\$110 million or whatever it was—there was an Indian settlement alongside which had 50 heads of families and not one of the people from that Indian reservation—if it was a reservation—were employed on the dam.

Mr. Saumier: That is right.

The Chairman: So you say to him, despite the fact that other parts of the community were doing very well the Indians were poverty stricken, is that it?

Senator Fournier (Madawaska-Restigouche): Whereabouts is that Indian reserve?

Mr. Saumier: One could go to that reserve and if one had a strong arm one could throw a stone right against the dam.

Senator Fournier (Madawaska-Restigouche): At Point Saint Anne.

Mr. Saumier: In 1963 the average annual income in Mactaquac area was \$734 per person; in New Brunswick as a whole it was \$1,151; for Canada as a whole it was \$1,734. I think those figures show that the situation of the Mactaquac area as compared with the overall New Brunswick situation was rather

grim and was also even more grim when compared with the Canadian situation. Therefore, I think that one can say that there was at the Mactaquac a problem in 1963 while the dam was being built, a problem of income, and the reason for this, as relates to the dam, was precisely that in these times of very specialized public works projects, very often the labour force required is of a highly skilled nature. If one looks at large public works projects in Canada and North America generally one will observe that there is a kind of specialized floating population which moves from one project to the other. This is what has been happening to a large part of the labour force now working on the Churchill Falls project, that they were working before on another dam project. They go from one to the other. The figures I have quoted show there was in the Mactaquac an income problem which justified at least in the abstract the designation of the Mactaquac area, a small area with some 20,000 people, as a FRED area. I daresay that the case of Mactaquac was exceptional, that having signed this agreement we have no longer after that selected such small areas for a FRED program.

Senator Fournier (Madawaska-Restigouche): You have mentioned that your figures included 20,000 people, but the Indian reserve itself is not more than half a mile square and does not have more than 200 people. You just mentioned 20,000 people, but let us leave the reserve aside for the moment. I do not agree that none of the Indians did any work at Mactaquac. I do not agree with that for a moment. And if you go out of the reserve on which you based your Mactaquac area sum of \$21 million, you are right in the midst of a construction area of 50 miles which is very prosperous, including the Woodstock area, where between \$55 and \$65 million is being spent to build a pulp mill.

Mr. Saumier: That is right.

Senator Fournier (Madawaska-Restigouche): So there is no shortage of money so far as the economic situation in the Mactaquac area is concerned. However, I think there are many more deserving areas than that one, if you only base the Mactaquac area on the small Indian group which consists of less than 200 people.

Mr. Saumier: The figures I mentioned were for the area as a whole. It was \$734 income per person. That was for the whole of the

Mactaquac area. It was not for the Indian reserve, where the figures are lower. The reason that in Nackawic a pulp mill is now being built by the St. Anne Company is precisely that the area was designated as a FRED area. It was a direct consequence of that designation. If it had not been designated as a FRED area, making it possible to construct a new city called Nackawic, providing some very special benefits to the company, this paper mill, or paper operation, would not be there today. In fact, I think one could say that with the coming of the paper company in Nackawic this will contribute in a significant fashion to the resolution of the economic problems of this small area. As a matter of fact, what is taking place right now is a review of the Mactaquac agreement to see to what extent the problems of the area have in fact been now resolved, at least on paper, through the coming of the pulp mill, and to see whether certain modifications should not take place in the agreement to reflect that reality.

The problem with the pulp mill is that again, unless some special steps are taken, the labour force which will be employed in the pulp mill will not come from the area but will come from outside. This is common experience with economic developments taking place in poor areas. Their impact on the poor areas themselves will often be very slight because the labour force they will use will be imported from outside the area.

The Chairman: Then why proceed with these schemes, if the result is not beneficial to the local area?

Mr. Saumier: Well, the challenge is to try to take steps to make sure that these schemes will in fact be beneficial to the area. This is the root of the difficulty. When you have a modern industry coming in to an area where there has been for years and years unemployment, underemployment, low education levels and so forth, the mere fact that you put in there a multi-million dollar plant will not by itself make sure that the people of the area who are unemployed or who are uneducated will work in the industry. If anything, the tendency will be for the population to grow, because of educated and skilled people being employed to come in from outside the area and to work in the industry.

So the root of the problem is to take steps to launch special programs which one might

call adjustment programs to make sure that the people of the area are trained and put in a position to work in the project. This is the most difficult thing to realize or to implement.

The Chairman: You are now getting to the heart of the problem.

Mr. Saumier: This is indeed the heart of the problem.

The Chairman: It certainly is. In our endeavour to correct this situation we go in and we spend money. There is no one here who is going to criticize you for the amount of money you spend there. It is the results we are concerned with.

We do exactly as you indicated. We go into a poor area. Help re-establish it and then we find that we put an industry into the area and the industry needs specialized people, mechanized, computerized and all the rest of it, and the poor people are still poor people where they were poor people before.

You have had several years of experience; what have you done to deal basically with that problem? That alone. Never mind the money or anything else. You said to us that part of your reason for going in there, for instance, was to try to get the Indians some work in there. We all agree with that. But are the Indians working or are any of the rest of the people from around there working?

Mr. Saumier: As the senator has indicated, the situation in Mactaquac now appears to be improving considerably, although there are still some problems today. But there is the development of the pulp mill, as has been mentioned, and there is also very substantial recreation development through the creation of a large park.

Senator Fergusson: Who pays for that recreation development? Is that some of the FRED money?

Mr. Saumier: Yes, the recreation development is part of FRED. I can give you the exact figures right now. The total for parks and facilities is \$3,900,000, of which the provincial government will pay \$975,000. There is also a historic village going in there at a cost of \$3,700,000, of which the provincial government will pay \$925,000.

Senator Fournier (Madawaska-Restigouche): Coming back to the question of Mactaquac, we are still quite in disagreement on

that. And, incidentally, when you say that building a pulp mill in an area like Mactaquac will not necessarily help the poor people, I cannot agree that you are going to import most of the labour. Certainly, you are going to import the technicians, but most of the labour will be local people. I know that from experience. Now, the mill will employ approximately 800 people. Of that you may have 100 technicians, including papermakers and electricians and so forth. Those are the people who go with the machines, so to speak. But the rest will be local people. Moreover, the mill will provide a lot of employment in associated industries, such as the lumber industries. So the pulp mill is a good move. There is no question of that.

Another thing I cannot agree with is that full credit for that pulp mill should go to FRED, or any other program such as ARDA, ADA or, as we say in French, CRANO or CRASE. And I say that with some justification, because I remember before ARDA was even conceived, or ADA or FRED, that Premier Robichaud was speaking seriously of putting a pulp mill into that area. So if there is one person who deserves credit for putting a pulp mill into that area it is Premier Robichaud. And I don't mind saying that publicly. He has my support. He is the one who brought it in. It's all right for you to jump on the bandwagon now, but he is the one who brought it in, and to say otherwise is a pretty weak argument. At least you have done something; you have contributed. I point to the agreement at the bargaining table. I do not deny that you made some contribution, but coming back to Mactaquac and the \$21 million to help the poor Indian villages, there is one reservation in that area, Point Ste. Anne, which is one of the many reserves in that area and is certainly not one of the worst.

Mr. Saumier: I was using the example of the Indian reserves simply to show, taking two extreme cases, that the mere implementation of a massive development project does not mean that the people living right next door to it will benefit substantially from it.

Senator Fournier (Madawaska-Restigouche): In speaking of the people living right next door to where the money was flowing, I have in mind a situation in northern New Brunswick near Edmundston, where our tongues were that long. In the eastern part they promised \$100 million but there is nothing

to show. That is why the project has collapsed and everybody is dissatisfied to the point that there is a concern down there that has hired an American group to come back to the area and make a study to ascertain why the project has collapsed in northern New Brunswick. The people of Gloucester have been waiting two and a half years to see results.

Mr. Saumier: If I may comment on that for a moment; first of all if one reads the North-East New Brunswick agreement one will see that there is in the agreement a requirement that roughly within two years of the beginning of the implementation of the agreement there has to be a review to see what success there has been, what has been accomplished, or, if we have failed, why we have failed. I say this because we were and we still are under no illusions. Situations which are 50 or 100 years old cannot be radically altered in two years. So we started with the assumption that even within two years or three years of the agreements' being signed, progress will of necessity be slow. We are dealing with problems which have shown themselves to be intractable. Those who have read the report of the Economic Council know that over the last sixty years billions of dollars have been spent in the Atlantic Region. If I remember correctly the sum spent is \$20 million. But over the last thirty years the so-called income differential has not only not been eliminated but it has remained constant. We are not at all under the impression that because two ministers signed a piece of paper saying we are going to do this and that, that this of itself solves any problems. The solving of problems only comes when we begin to implement a program. Now we have to consider the problems and why do they start.

I have spent three days in the Gaspé meeting with different groups of people who have been asking the same question. They have said to me; "why is it that a year after the Gaspé agreement has been signed providing for \$259 million almost nothing has happened?" Well, the answer is that there are difficulties. The first difficulty is the intractable nature of the problem. When we consider that for 150 years an area has been going downhill we can hardly expect to change the situation in two or three years. This is a problem, I might add, that has plagued all the prosperous countries of the western world for many years. Programs have been launched

to solve these problems, but by and large the success of these programs has been very slow. This has been the situation in the United States, in Canada, in England, in France, in Italy and in other places. Billions of dollars have been spent on it but nevertheless progress has been slight. So we do not start with the illusion that we are going to make a massive transformation overnight. If an area is poor and has been poor for years, we know that the roots of this situation are very deep and far-reaching and that a massive transformation has to take place. But, as I said, this transformation cannot take place overnight. If there were simple answers to this problem, they would have been used long since and the problem would not exist today.

The second difficulty is that in trying to overcome these problems and using the approach which has been used through FRED agreements, which is a novel approach, you require the combined action of federal and provincial departments. It is a multi-government and multi-departmental effort which requires an unusual amount of co-ordination. Now everybody talks about co-ordination in government efforts but it is an extremely difficult objective to reach. It is difficult because governments themselves, whether provincial or federal, are massive entities and you cannot change their ways of acting overnight to adapt them to the specific needs of a small area. I have here a map of eastern Canada and I show you here north-east New Brunswick. Now you can visualize the rest of the country. As you will see north-east New Brunswick on that map is a very small area from the point of view of a federal department, and a deputy minister or minister sitting in Ottawa must see this as being a very small area. But he has to administer programs which cover the whole country and which must keep in mind national criteria and national purposes. So for a minister of a department to modify a program or alter an approach to accommodate the needs of a small area such as this is something that is not very easily done. One of the difficulties at the implementation level if that in order to make this co-ordination and this focusing possible, new administrative entities have to be created. In the case of north-east New Brunswick there is a provincial entity known as the Community Improvement Corporation which has been created specifically to implement this agreement. Now this group has to

be set up, staff has to be recruited and people have to be trained to come to grips with the problem. The first time we met as an advisory board dealing with the program for north-east New Brunswick we were confronted with a 500-page document of unequalled complexity so you will see that there are difficulties in creating the administrative structures that will be able to come to grips with the problems of the area. So, we have these two-fold problems: intractable or very difficult situations and, at the same time, the administrative difficulty of implementing the programs which have been designed to cope with the situations. Thus we are caught between these two horns, as it were, and, by definition, progress will have to be slow. I say that because we are not dealing with public works programs: we are dealing with people; we are trying to change the way in which people are behaving; and this is not something that can be accomplished over night.

Despite these difficulties, in the case of north-east New Brunswick you will recall that the total amount of money foreseen for north-east New Brunswick over the 10 years under the agreement is \$89 million. Expenditures to March, 1969 have been \$15.5 million under the agreement.

Senator Fournier (Madawaska-Restigouche): Just in that area?

Mr. Saumier: Just in that area, under the agreement, \$15.5 million. During the fiscal year now under way it is proposed to spend a further \$13 million. So, during the first three years we will have spent \$28 million which, if you make a quick computation, will show that as far as spending money, if you want, spending dollars is concerned, we are pretty much on schedule.

Now, as was rightly pointed out, the fact we are spending money does not mean we are resolving problems.

Senator Fournier (Madawaska-Restigouche): You say that you have spent up to March, 1969, say, \$15 million. What program is involved there?

Mr. Saumier: I can give you a brief run-down. Under the education program, which is in the agreement, we have spent \$6.8 million.

Senator Fournier (Madawaska-Restigouche): Is that for new buildings?

Mr. Saumier: That is right.

Senator Fournier (Madawaska-Restigouche): New schools, teachers, professors?

Mr. Saumier: That is right

Senator Fournier (Madawaska-Restigouche): When you put up these new buildings, do you work in conjunction with the Department of Education?

Mr. Saumier: They are put up by the province.

Senator Fournier (Madawaska-Restigouche): And you make a contribution?

Mr. Saumier: We do not make a contribution directly to education.

Senator Fournier (Madawaska-Restigouche): Did you say you do or you do not?

Mr. Saumier: We do not.

The Chairman: And for obvious reasons.

Senator Fournier (Madawaska-Restigouche): Yes, I can understand that.

Mr. Saumier: For the current year, under education, the amount of money proposed to be spent is \$17.8 million. For the manpower program, manpower training, we have spent, to the end of March, 1969, \$2.5 million. Those are expenditures by the federal Department of Manpower and Immigration. We expect to spend this year \$1.7 million.

Senator Fournier (Madawaska-Restigouche): And what do you spend it on?

Mr. Saumier: Training, occupational training and so forth.

The Chairman: Local?

Mr. Saumier: Yes, this is for the local people.

The Chairman: And that is what the schools were built for?

Mr. Saumier: They are built for education.

The Chairman: And training too?

Mr. Saumier: Yes, they are also used for training purposes. Under transportation we have spent \$3 million in the first two years. This year we will spend \$1.3 million.

Senator Carter: On what type of transportation?

Mr. Saumier: This is essentially for roads. For example, this year the province will

build a road, with a substantial federal contribution, which will make it possible, among other benefits, for a couple of mines to be opened in the area. You may have seen statements in the papers saying that two large international mining companies intend to begin mining operations in north-east New Brunswick within two years. The road which will be built this year is one which will make it possible for these mining operations to begin earlier than was expected—and so forth. I am giving you the larger elements. For example, we have \$653,000 for land use adjustment. We have \$140,000 for housing, and next year \$300,000. We have \$900,000 for fisheries. So far we have spent \$900,000 for fisheries, essentially for a project in Caraquet.

Senator Fournier (Madawaska-Restigouche): Is that the school?

Mr. Saumier: No, this is the Caraquet haul-out which has been built under the agreement, and with substantial help from the Government.

The Chairman: Of course, these projects are all useful and necessary. However, when you mention a figure of \$140,000 for housing out of a total figure of \$15 million, is that not a little disproportionate? What can you do with \$140,000? It seems to me that housing would be a problem for these low income people.

Mr. Saumier: Obviously, with \$140,000 not much is done for housing, and this is one of the main problems of the area.

Senator McGrand: Of what particular area?

Mr. Saumier: This is north-east New-Brunswick. I should preface my remarks by saying that one must keep in mind that when we talk about an agreement for north-east New Brunswick involving \$85 million, obviously that is not the total amount of money which governments are spending in the area over the 10-year period. This is essentially a special effort. Obviously, the normal, on-going governmental programs are not cancelled by these agreements. This would be a folly. This represents a special effort which is made either to create new programs to face new needs or to accelerate current or normal programs.

If you look at the north-east New Brunswick agreement you will find there is some money foreseen here, \$3 million-worth of help from Central Housing and Mortgage Corpora-

tion, so this is a small amount of money from this.

One has to be very careful in noting that the \$3 million in the agreement to be spent by CMHC does not represent a new CMHC or NHA housing program. This is the normal housing program of the CMHC which we are trying to bring within the co-ordinating orbit, if you want, of the agreement.

One of the prime purposes of agreements of this type is to attempt to focus all the Government's efforts on the specific problems of the area, rather than to leave those programs to proceed in their own more or less isolated fashion.

Senator Hastings: Mr. Saumier, you say you are going to spend \$1.7 million and then another \$1 million next year on transportation which would result in two mines being developed.

Mr. Saumier: This is one benefit.

Senator Hastings: But you told me just a moment ago that there are no benefits flowing from the development of mines or industry in these areas.

Mr. Saumier: No, what I said, sir, was that the simple fact of having a new industry move into an area does not necessarily mean that it will have a substantial impact.

Senator Hastings: That is, it will not have a substantial impact on the people in the area?

Mr. Saumier: Yes, on the people in the area.

Senator Hastings: Then, why are we spending millions of dollars in order to put . . .

Mr. Saumier: But if we do not have industries there we will not be able to solve the problem. What I am saying is that that industry is a necessary input, if you will, but it is not sufficient in itself. You must have industry of some type in order to have the people employed, but if you think that by simply having an industrial development in the area you will thereby solve all the problems of the area then you will be mistaken.

Senator Carter: What you are thinking of is that there will be a fall-out from this that will help to develop the situation?

Mr. Saumier: It has to be a fall-out. If you have a man who is 35 years of age, who has been unemployed for 20 years, who has a

grade 3 education which he received from teachers who themselves had only a grade 4 education, and you put this man next door to the industry, you have not solved the problem because the odds are that he will not be employed by this industry. You have to have a program to make sure that this gentleman who has a grade 3 education, who has been unemployed for 20 years, who has five children, who is living in a miserable shack . . .

Senator Carter: That is what I am getting at. What are you making sure this fellow will have when you have taken him and worked out all these programs for him, and spent your money on him. Something should have happened to him. What do you expect of him?

Mr. Saumier: We expect him to be gainfully employed.

Senator Carter: Where? In this mill or mine?

Mr. Saumier: If he can be employed in the mine or in this particular industry then that is the best possible thing for him, because he will be working in the area in which he was born and in which he has lived all his life, and where his wife and his children have their friends. But, if necessary, of course, he can go and work in Montreal, Toronto, Fred-ericton, or wherever he can find employment.

Senator Carter: But there is no point in building a road to a mine so that this fellow can get a job in the mine while you are at the same time educating him so that he can go somewhere else.

Mr. Saumier: But, surely, if you do not have any kind of industrial development in the area then by definition, if the area is otherwise very poor . . .

Senator Carter: But you have already told us about ten times that the putting of industry into the area does not help.

Mr. Saumier: It does not necessarily help that particular man, but it does help right away those people who can be employed—those people who have the education and the training, and who can start work tomorrow. But, if a new industry is set up in Bathurst, which is the largest city in northeastern New Brunswick, that will not necessarily help those people who live in the backwoods.

Senator Fournier (Madawaska-Restigouche): I think we have an example here, Mr. Chair-

man, which points out some of the weaknesses of the whole system.

The Chairman: Senator Fournier, I wonder if you would mind holding your question for a moment while we obtain more of a consensus.

Senator O'Leary (Antigonish-Guysborough): I should like to ask a question about the total of \$15 million that was spent. The education portion of that was over \$6 million last year, and it will be over \$7 million this year?

Mr. Saumier: Yes.

Senator O'Leary (Antigonish-Guysborough): I understand that this is not a direct grant to education, but it is in the agreement, of course. Is it matched by the province, or is it paid one hundred per cent by the federal Government?

Mr. Saumier: This is a one hundred per cent provincial cost. Of course, if you read the agreement you will see that in the case of the northeast there is what is called an implementation grant which represents \$7 million. This is a grant at large from the federal Government to the province to enable the province to mount its own special effort. So, it is not a federal grant designed essentially for education, but, of course, one might say that if the Province of New Brunswick has a little bit more money in its general revenue fund then it will be able to put a little bit more money into education, among other things. For obvious reasons, this is not a grant directly for education from the federal Government.

Senator O'Leary (Antigonish-Guysborough): But it is frozen for that particular purpose? It could not be used for anything else, could it?

Mr. Saumier: It could be used for any provincial program.

Senator O'Leary (Antigonish-Guysborough): Do you know whether it is used specifically for education?

Mr. Saumier: Nowhere is it said it is specifically for education.

Senator O'Leary (Antigonish-Guysborough): Perhaps you have already answered my next question. I should like to refer to paragraph 9 on page 3 of your brief, and to ask you to expand on what you have said there, particularly in the last part. You are talking about

ARDA, and about two-thirds of the way down the page you say:

Finally, it became apparent that such measures and structures would be ineffective if they did not take into account the political disadvantage of the poor rural area; we were thus led to stress the importance of participation of the people concerned in the drawing up and implementation of the ARDA programs which affected them.

You are saying there, in effect, that the ARDA community programs as they were set up, and as they were going along, required the people in the area to take a small part in them. I am aware that there were community organizations trying to evolve their own programs for recommendation. You have decided that this is a must, I gather?

Mr. Saumier: Yes.

Senator O'Leary (Antigonish-Guysborough): You then go on to say:

All this was accomplished gradually over a period of less than ten years in an often erratic and disorganized manner, with some spectacular failures...

with which I agree

...within a limited budget and through restricted programs.

And then you say that the outcome of these efforts was FRED. I do not follow the sequence of your thinking there. You say that because of the lack of certain things you evolved the program FRED. Is there something in FRED other than the lack of participation at the community level which you say was not too apparent in ARDA? Is there something in FRED that we did not have before—an entirely new innovation that is going to bring about greater participation at the community level?

Mr. Saumier: Yes, there are some very significant differences between the ARDA program and the FRED program.

Senator O'Leary (Antigonish-Guysborough): Yes, I understand that there are differences—well, I will let you continue.

Mr. Saumier: There is, first of all, a financial difference. FRED involves \$300 million. Another difference, which is of some importance, is that under the FRED act we were able to launch efforts that were both federal and provincial in nature. It should be realized

that under the ARDA agreements we are financing strictly provincial programs; the ARDA agreement was designed for the federal Government to pay part of the cost of financing a certain number of exclusively provincial programs.

Senator O'Leary (Antigonish-Guysborough): Do you call any shared cost program a provincial program?

Mr. Saumier: In this particular case...

Senator O'Leary (Antigonish-Guysborough): No, as a general definition.

Mr. Saumier: Not necessarily.

Senator O'Leary (Antigonish-Guysborough): I thought that it was what you were saying just now.

Mr. Saumier: I am saying that under the ARDA agreement the federal contributions are made exclusively to provincial programs, whether new programs or on-going; they are always provincial programs.

Senator O'Leary (Antigonish-Guysborough): How do you define a provincial program as opposed to a federal program?

Mr. Saumier: A program administered 100 per cent by the province.

Senator O'Leary (Antigonish-Guysborough): But approved by the federal government; it is still a provincial program which you would approve before making a grant?

Mr. Saumier: Definitely, yes, but it is a program administered entirely by the province. The province says it intends to launch a program through, for example, the provincial department of agriculture or department of forestry, and asks the federal authority to pay 50 per cent of the cost of the program under the agreement, which the federal authority eventually pays. It is, however, a strictly provincial program. Within the FRED agreement we pay part of the cost of provincial programs, but a reading of the agreement will show that there are a number of federal programs also involved, which are co-ordinated under the aegis of the FRED agreement. This is a second difference.

Coming to the point you raised specifically, there is a third difference, namely population participation. To take Northeast New Brunswick as an example it is foreseen that during the lifetime of the agreement there will be \$1

million to finance a certain number of what might be called citizens' organizations, to give the citizens' organizations budgets, through which they will be able to play a meaningful role in the implementation of the agreement. In the Gaspé agreement there is an amount of about \$300,000 for this purpose. The philosophy behind this is that in these types of programs, which are attempting to transform the ways in which people behave, it is essential to convince the people themselves of the validity of the programs, and the only way to do that is to give them a say of some sort...

The Chairman: Participation?

Mr. Saumier: That is right. They must be given a say in the way in which the programs are conceived and administered.

Senator Fournier (Madawaska-Restigouche): Have you not changed the philosophy that has been followed for some years, that if you want to participate in a program you have to do so from your own heart, be willing to do it, but when you are paid for it you do not make the same approach?

Mr. Saumier: Nobody is paid to participate in the programs. In the case of Northeast New Brunswick, for example, this money is used to finance two organisations, one the Northern Regional Development Council, which is an English-speaking organization, and the other the Conseil régional de développement du nord, which is the parallel French-speaking organization. Grants are made to these organizations under the agreement so that they are able to hire a few permanent staff and organize a number of seminars in order to make the population aware of the programs offered to them, and to receive the representations of the population. For example, the people can say that in their opinion the program is misguided or that it is not working. If you like, it is a permanent link between the governmental apparatus that is trying to administer the program and the population, so that the governmental apparatus will be aware, ideally at all times, of the reaction, feelings, opinions, comments and criticisms of the population concerning the working of the program.

Senator O'Leary (Antigonish-Guysborough): Do you feel you are going to get that, that you are closer to getting that?

The Chairman: They have had it for some time.

Senator O'Leary (Antigonish-Guysborough): I know they had the intention of working towards it.

Mr. Saumier: This is one of the most difficult areas, an area in which gentlemen, I do not hesitate to say we have not found the answer.

Senator Fournier (Madawaska-Restigouche): You do not know why?

Mr. Saumier: We know why. At least we know why to some degree. The problem confronting these local organizations is that in order to justify their existence vis-à-vis the governments they have to take (if I may use jargon) an overall area view. For example, they would have to say that in a given area there was a place or one large centre; that with the limited amount of money at their disposal for the program to make economic sense the money would have to be concentrated to the utmost possible degree in a few key spots; industry should not be encouraged everywhere but should be encouraged in one or two locations. That makes economic sense. This is only one instance. In order for these organizations to play a meaningful role vis-à-vis us, this is the kind of approach that is necessary.

For these organizations to be meaningful to those they represent, there is almost a requirement that the benefits of the agreement be spread evenly over the whole area. Every small town and village wants a project of some kind, so that in the abstract the citizens' organizations are continuously torn between these two opposing requirements. There is the requirement of economic focusing, which is one of our own as a government.

Our own prime requirements are the requirements of efficiency and efficacy on the one hand and, on the other hand, the requirements of the population. People do not want to move, and quite reasonably so, and they tell their organizations, "You go and tell those people in Ottawa and Fredericton that we want something for everybody in this thing." If they take the second attitude then, of course, their usefulness, as far as we as bureaucrats are concerned, is slight, because this is an added difficulty. If they take the opposite attitude, and say there cannot be something for everybody, then, of course, they are challenged by the local people, and the mayor will say: "By God, how come you

are saying that my village has to be wiped out. This is ridiculous." They are continuously torn between these two problems. This is the first difficulty.

The second difficulty is in the extent to which these organizations are effective and viable. There is a formal tendency on the part of the population to see these organizations as exercising a complete control over the way in which the plan is implemented and, in fact, in reality, these organizations are playing a strictly advisory role. It is very difficult—and this is a problem with which we have struggled in every one of these plans—to put together a system whereby these organizations will have a meaningful input into these programs as they are being evolved. For example, we have a general agreement for 10 years, which says we are going to spend X number of millions of dollars. Every year there is an annual slice. The annual slice for northeast New Brunswick was determined, by and large, six months ago.

We are dealing with very confidential documents—budget ramifications and so forth. If we want the citizens organization to be in a position to tell us, "Look, in this next annual slice you are going in the wrong direction," they have to be made aware of what our own thinking is a year ahead of time.

Senator O'Leary (Antigonish-Guysborough): Did you try to get their thinking a year ago?

The Chairman: The governmental thinking a year ahead of time was—

Mr. Saumier: It is of a very confidential nature.

The Chairman: Aside from its confidential nature, are they thinking a year ahead of time?

Mr. Saumier: We have to. We have to make a five-year forecast.

The Chairman: When you come to the community and you ask for their efforts, why would certain matters be confidential? You have a project and you are going to spend \$3 million this year and \$2 million next year. Where is the confidentiality?

Mr. Saumier: The confidentiality does not extend to our intention to spend \$3 million or \$4 million this year, but it becomes difficult when we are dealing with specific projects. For example, the various projects in New Brunswick and Quebec have to be imple-

mented by the various Government departments. They, therefore, become part of the budgets of these departments.

I am told—and I have no reason to ignore this opinion or to cast it aside—that it is not easy to tell anybody outside the Government what the Department of Forestry of New Brunswick intends to spend in 1970, because we are dealing here with budget matters which have to be held secret.

The Chairman: Yes, but in respect of FRED you could tell me today what you are going to spend approximately each year and I do not live in New Brunswick. For instance, we started out with \$90 million in northeastern New Brunswick. You have spent in two years maybe \$20 million odd. I know that you are going to spend approximately \$10 million a year. If you are going to spend approximately \$10 million, and you spend \$12 million or \$8 million, why cannot that be made known?

Mr. Saumier: As I have tried to indicate, Mr. Chairman, the total amount of money is not very controversial, but what should interest a local organization is how this \$10 million be broken down—how much for roads, housing, industrial, and agricultural development? This is where we run into what is essentially a legal obstacle. The people tell us that it is ridiculous to you consult them after the decisions have been made; they want to be consulted before the fact. It is very difficult to consult these people before the fact, because we are dealing with budget matters which cannot be made available at large.

The Chairman: You are refining the term when you talk about budget matters. You are not dealing with budget matters in the sense that we understand budgets. What you are dealing with is your difficulty in respect of specific programs in not letting somebody in New Brunswick know that next year you are going to the eastern part, and the following year into the western part, of that area.

Mr. Saumier: This will not be too difficult. Let me give you an example. This is a discussion which we have had with New Brunswick and Quebec officials all along. Everybody is very aware of this difficulty. If we want to tell the population of northeastern New Brunswick how much money the provincial Department of Highways is going to spend under a plan in their area, you have to reveal to them an element of the budget of the pro-

vincial Department of Highways for the year 1970-1971.

Senator O'Leary (Antigonish-Guysborough): Is this a fact, that you would have to make this known, or would have to reveal the regular budget in addition to this separate and special program?

Mr. Saumier: At least a part of the budget, because the New Brunswick Department of Highways, when it is going to build roads, builds them under the budget of the Department of Highways.

Senator O'Leary (Antigonish-Guysborough): Would it be so different from the trans-Canada program? That is perhaps what you are talking about. However, this is in relation to mines in New Brunswick. It has always been, to my knowledge, that provincial government workings, with respect to the Department of Highways, was a joint provincial program and it was pretty well known. Of course, this could be different. If you were going to decide on a highway for a specific purpose or industry, yes.

The Chairman: Senator O'Leary, this runs through the whole of the undertaking that they are faced with and the involvement of the community. It is happening in Manitoba, Quebec and wherever they go. The community is anxious to participate and wants to help, but after a while it says, "Look, really, have you consulted us or have you just told us?" There is the trouble. Have I put the situation fairly. I am told by people in the field that what you did in Quebec, New Brunswick and Manitoba, in involving the people, has been the most successful aspect of your work.

Mr. Saumier: Well, it has been successful to some extent. Maybe I should simply leave it at that, sir.

The Chairman: Explain what you did, because that is the story that we get back, and that we have read.

Mr. Saumier: Possibly the most interesting instance here is Quebec. In the Gaspé area, with a population of 300,000, in Quebec, while the plan was being formally discussed in its study period of research period, the whole research exercise cost roughly \$4 million. Of this, roughly half was spent to launch what is called a social animation process. This meant that the planning effort was entrusted to a special bureau called the Eastern Quebec

Development Bureau, a private non-profit corporation financed 50 per cent by the federal Government and 50 per cent by the provincial government. The planners working for that bureau, the BAEQ as it is called or was called produced first of all a preliminary document which gave their preliminary discussions and recommendations and so on, in ten volumes which on a shelf would have been over a foot thick. They took these documents and the animators had meetings with practically every organization in the Gaspé, thousands of meetings, and these recommendations were discussed in full by the people, and the recommendations were studied in regard to fisheries, forestry, agriculture and so on. They took the results of these discussions and scrutinized them again and fed them within their own framework of planning which had been involved. So one might say that to a large extent the final recommendations of the BAEQ of this research office, reflected the thinking of the people of Gaspé. It does not surprise me—I spent three days in the Gaspé over the weekend in an area called the Matapédia Valley and was very severely taken to task by the people. They said they had never been consulted at all on what was being planned, as far as they were concerned. I give this as an example of the difficulties which arise.

As a result of all this process of discussion and consultation the final set of recommendations was arrived at by the BAEQ and was given to the two governments. We took some and we left others. There were certain hypotheses underlying the work of the planners which we as governments were not prepared to accept. I will give only one instance.

The milk output of the Gaspé at the time the research went on was about 400,000 tons per year. The planners proposed raising this at least twofold, to one million tons per year. We knew later on that this increase was completely out of the question because in Canada now we are producing too much milk. So we as governments were obliged to reject this recommendation. This recommendation for doubling the output of milk had been accepted by the development bureau because it had been discussed and accepted by the farmers who said they were going to increase production and there was going to be big money invested in it. The two governments then said the figure was not acceptable and that they will not maintain production at the same level.

Senator Fournier (Madawaska-Restigouche):

Let us find the final clause in the recommendation first. How is it that somebody living in the area made that recommendation and stirred up all the people?

Mr. Saumier: If you are interested, I will come to that in a moment. We are faced with one of the difficulties of this participation process. It builds up expectations and if for some reason these expectations cannot be met there is a situation of tremendous complexity.

The Chairman: And a march on Parliament.

Mr. Saumier: The honourable senator asked me why the planners made this recommendation. We get involved here in very abstract issues. For example, one of the basic hypotheses of the planners was that they wanted to minimize the degree of our migration from the Gaspé into the rest of Quebec and into the rest of Canada. Starting with this assumption, then of course they found they must give people something to do in the area. The area is not completely unsuitable for milk production so in asking themselves for a way out to keep everybody in the Gaspé employed we find that we have a case for development to increase milk output. At that time, in 1963-64, the forecast for milk requirements was not as bad as it is now. For example, it is only in the last couple of years that the full impact of milk substitute has become known, the fact that to a large extent the fat of the milk, the part which has the highest value, can be replaced by vegetable fat. This makes known the fact that we are going as far as milk is concerned through a surplus position. This has been known for a couple of years but it was not as clear then. The world goes on and events change and to the extent when you do a piece of research and it reaches completion and the time comes for development, whoever arrived at the conclusion may find it has to be changed. In arriving at the conclusion you involve the people in the area and the population builds up expectations on that. Then when for some reason you find you have to cut back or change the hypothesis, you are in a difficult situation.

I would say however, that for the population of the Gaspé it is now much simpler to get them to understand that this particular objective of increased milk output cannot be accepted. It is easier to make them understand it now than it would have been to make them

understand it if this process of discussion had not taken place. The mere fact that they have discussed the situation themselves means they have become aware of the economics. Then I could tell them, as I did over the weekend, that the situation has changed, that these are the figures and the facts and the projection, and they can realize themselves that this particular objective no longer makes any sense. If the process of discussion had not taken place, the suggestion of cutting back would have been much more difficult.

Senator O'Leary (Antigonish-Guysborough): Their discussion must have been pretty limited before they made the recommendation.

Mr. Saumier: The recommendations were based on the best information available then. What happens there was a process of discussion and you introduce an element of rationality into the process. You do not come in and ask them to say what they want, that the millions of dollars are going to flow. In the case of the BAEQ the recommendations were arrived at on the basis of economics and even these were to some extent challenged by some of the people themselves. Therefore, they became informed of the way in which one government would arrive at these policy decisions and because they took part in the discussion at that time it is easier to cause them to change their minds when the situation changed, than it would have been if this discussion had not taken place.

Senator O'Leary (Antigonish-Guysborough): In the case of the people there, who were going to go ahead with the milk production, how are they going to diversify themselves now?

Mr. Saumier: Now you come to the other side of the coin. The situation in most of these areas in the Gaspé organization plan is one where you are confronted with what we call basic sector situations in agriculture, fisheries and forestries, which are very poor. There are too many people working in these sectors. For example, in agriculture there are in the Gaspé now roughly 10,000 farms. Our estimate is that there is room for 1,500 efficient farms. The 10,000 farmers now earn approximately \$1,000 a year. Fifteen hundred farmers could earn from \$10,000 to \$15,000 a year. The question becomes what do you do with the 8,500 farmers who are left.

There are two ways to solve the problem. Either some sectors in the Gaspé will expand

to absorb these people or they will have to move out of the area. Now, you might ask why these farmers cannot move into forestry, for example. Well, you find that the situation in forestry is similar to that in farming. There are too many people working in forestry earning little income. So you want to employ fewer people in forestry as well so that the fewer people would be able to work 10 or 11 months of the year and get a decent income. So the question is, can you find other sectors which will expand employment. If you cannot find any such sectors, or if the forecast increase is not such as to absorb the labour force, then obviously you come to the other solution. The 8,500 who are left must move outside the area.

But the message I was giving to the people I was meeting in the Gaspé over the weekend was very simple. I was telling them that in Quebec as a whole there is 8 per cent unemployment today so that there is only very little justification for moving people out of the Gaspé, taking them away from their farms or from their forest industries or the small fishing centres and moving them outside, because there would still be the problem of where they will go when they are outside. Will they go to Montreal where there is now 9 per cent unemployment? Where will they go?

The basic dilemma of any such planning is that you may on the one hand contemplate massive inputs or massive transformations, but, if you generate, in the course of these massive transformations, surplus labour force, then you have to employ this labour force elsewhere. My opinion is that until such time as you know that the prospects of employing this labour force are good outside the area, then the last thing you should do is to disturb the area. In my opinion it is much better to leave somebody in the Gaspé farming a small farm and earning \$1,000 a year than to move him to Montreal where he will become unemployed. This is the whole dilemma.

Let me put it this way: it is difficult to resolve the problems of underdeveloped areas in a prosperous economy. It is impossible to resolve them within an over-all economic picture which is not one of prosperity.

Senator O'Leary (Antigonish-Guysborough): What are these people going to do, then, these 8,500 who are going to have to disap-

pear from the farming picture? You told them what they were going to have to do, did you? They could not move out because there was no point in moving elsewhere in Quebec, to Montreal, for example. What do you suggest? A guaranteed income?

The Chairman: Of course, many of them are relying on you for a solution, Senator O'Leary (Antigonish-Guysborough). It is up to you and the rest of the committee.

Senator O'Leary (Antigonish-Guysborough): The witness said it was comparatively simple to tell them what they could not do. But what can they do?

The Chairman: Yes, it is a question of what to do.

Senator O'Leary (Antigonish-Guysborough): Yes.

Senator Quart: I know the area you speak of very well, Mr. Saumier, and I love it. What groups did you approach in the Gaspé and how did you set up your committee consultation, or whatever you call it?

Mr. Saumier: Do you mean my visit last week or through the whole time?

Senator Quart: Well, even last week's visit. It would be rather interesting to hear about that. I am sure you had a nice weekend, despite the rain, because they are very hospitable down there in many ways.

Mr. Saumier: I think my little foray into the Gaspé last week is rather inconsequential in this matter, but in the Gaspé there used to be a philosophical premise, initially, with which one can agree or disagree, namely, that, if one wanted to cause or induce a radical transformation of the area from a social and sociological point of view, one had to create in the area what might be called a new social structure.

In other words, what this means, very bluntly, is that the Gaspé area, like any such area, has a certain social structure where some people are leaders and some people are led. The leaders in the Gaspé have been prosperous throughout history. The led have been poor. If you want to cause a situation where the poor will become prosperous, so the analysis ran, you are addressing a challenge to the established structure because you are telling the leaders, "We do not believe that you have done a good job of managing the

resources of our area, and the proof of your bad job is precisely that we, as a population, are poor." Therefore, the reasoning was, if you try to address yourselves to and involve in this exercise the leaders, you are bound to come with solutions and approaches which will benefit the leaders but will not benefit the poor. Therefore, we must set in motion, the reasoning was, a process whereby we will not work with and address ourselves to the traditional leaders but a new group of leaders altogether, people who will come from the grass roots.

Senator Quart: But you mentioned organizations.

Mr. Saumier: Now, this was reflected in the way in which the organization took place, and I will give you one very clear example of that. There was a systematic effort—and you can, I think, now understand why this took place in this fashion—there was a systematic effort, on which I do not pass judgment, to exclude from the participation and consultation process all the established groups, M.P.'s, M.L.A.'s, business leaders and so forth. There was a systematic and conscious effort at saying, "You have had a chance for the last 100 years to show what you could do. Now we see what you have done. Therefore, we are now going to set up a new structure altogether which will by-pass you entirely, because", so the reasoning was, "we are very skeptical of the solutions and the approaches which you, the traditional leaders, could come forward with, because you have had a chance to say so and apply them for the last 100 years." The participation structure which was set up was a parallel one from which all the established groups were carefully and systematically excluded, by and large. There were some differences, of course, but that is why the planners were constantly accused of working outside the established channels, and few people realized at the time that not only did they not feel guilty about that accusation, but they took it as a token of success and said "we do not want to work through the established channels because we have no confidence in those channels. You have had a chance to show what they can do and they have not done anything".

The Chairman: Senator O'Leary, that may not be an answer to your question, but I wonder if you would mind letting Senator McGrand ask some questions at this stage because he has another meeting to attend.

Senator O'Leary (Antigonish-Guysborough): I think that is an answer to my question.

Senator McGrand: Mr. Chairman, I do not think we are going to get very far with this because this is a very big subject to deal with in one meeting. However, I am particularly interested in all of New Brunswick, and while the major problem concerns the north-eastern counties, I would like to clear up a point about Mactaquac first. May I ask if you are familiar with that area personally?

Mr. Saumier: I have been through that area once physically.

Senator McGrand: Very good. Now there is some confusion between Mactaquac and Nackawic. I asked you when you were coming today to be sure to bring a large map of New Brunswick so as to get a better idea of the areas involved in these problems. If you look at the map and see the St. John River from Mactaquac running through all the little villages up to Woodstock you will see that the Indians were not involved in that area. But when the dam was built there and the region was flooded for a distance of 75 miles it involved the flooding of many farm areas. The government bought the land from the people to flood it and the ARDA program or the FRED program as a result set about rehabilitating the people of that area in making best use of the land that was left and in re-establishing them in other areas. Out of that came the development of Nackawic. That was not a prosperous area. At the same time it was not an area where there was poor education. There were regional high schools at Harvey Station, Southampton and Meductick so that people did not lack fundamental education. Now the other day it was said that a number of industries came into New Brunswick as a result of ARDA. I think the number given was 65. Anyway I know that a Swiss or German family brought a small industry into the Meductick area. This is the making of cymbals in brass. Did the ARDA program have anything to do with the bringing in of that little industry? Do you know anything about that?

Mr. Saumier: I am afraid I do not, sir.

Senator McGrand: Well then going back to north-eastern New Brunswick for a moment, you mentioned the new mines and the roads going to the mines. Now are these new mining developments or are they merely the mines of New Bathurst and Heathsteel.

Mr. Saumier: These are new mines altogether.

Senator McGrand: New mines and not simply new mining developments.

Mr. Saumier: They are not in the Belledune area they are in a different area altogether.

Senator McGrand: What area are they in?

Mr. Saumier: The St. Quentin area.

Senator McGrand: Both Brunswick and Heathsteel have begun down at the mouth of the Miramichi at Bathurst on that map.

Mr. Saumier: This is more inland.

Senator Fournier (Madawaska-Restigouche): The others are back at Charlo.

Senator McGrand: Going back to the north-east corner you have in north-east New Brunswick a number of projects. Number 3 on table 5 of your brief shows the Mactaquac project, but I would like to know what these projects are.

Mr. Saumier: As the title of the table indicates those are research projects.

Senator McGrand: Well what have you done in the area going up from Bathurst towards Belledune? There are many small villages in that region and I wonder what you have done in those localities to help the people. What projects have you put in there, not in blueprint form but in actual operation?

Mr. Saumier: You mean by that physical projects?

Senator McGrand: Yes.

Mr. Saumier: So far as physical projects are concerned, there have been none. This is an excellent example of the difficulties we have faced in this area. Here is Belledune on this side and there is Bathurst which is about 30 miles away. There is at Belledune a large mining development involving two or three companies, and we have these four or five small villages where a large number of the people work in these mines.

Senator McGrand: I do not wish to interrupt you, but I want to get to the point. The problem with Gloucester County is that it is overpopulated. It was overpopulated as a result of the fishing industry becoming less profitable, and farming and lumbering disappearing. The farms were small; there was

more 25 and 15-acre arms in Gloucester County than in all the rest of the province put together. But these people got by by working in the lumberwoods, not only in that area but by going elsewhere in the province to peel pulp and work at lumber generally. Now what program have you got going that would be of any value to the people of St. Isidore and other similar areas which are heavily populated.

Mr. Saumier: The intent of the program we have there is a very simple one; it is simply to close down all these marginal farming settlements. People are living there on farms, if we can call them "farms"...

Senator McGrand: Fifteen and 20 acres, with no woodlot.

Mr. Saumier: ...very often with two or three houses, one next to the other, with the grandparents, parents and children living in the various houses. The intent is to close down these farms altogether and to move the people out of there.

Senator McGrand: Where to, though?

Mr. Saumier: This is the question: Where to? For example, in order to move them to Bathurst you must have available for them in Bathurst two things: first of all, employment; and, secondly, housing. Employment in Bathurst right now is non-existent. Therefore, employment being non-existent, there is no point in building housing. So, meanwhile until employment can be generated in Bathurst, there is little point in moving these people away from where they are now. This is the dilemma of any of these operations. Unless you have a prosperous centre in the area which is growing, there is simply no purpose in moving the people away from where they are now into unemployment elsewhere.

Senator McGrand: With regard to population, did you not find that the problem along the Matapedia and the problem in the interior part of Gloucester County are different ones? I do not think that the Matapedia is over-populated.

Mr. Saumier: In the small village I was in...

Senator McGrand: I mean the Matapedia valley.

Mr. Saumier: The Matapedia valley right now is a problem area. I will give you again

the example of the village where I was on Sunday evening, a place called Causapsal, where there are roughly 100 farms. There is a possibility, on a strictly rational economic basis, for 10 farms.

Senator Fournier (Madawaska-Restigouche): This is very hilly country for farming.

Mr. Saumier: Yes, it is poor farming country, all dairy farms with 10 or 15 cows, a completely uneconomic operation, with no hope whatever for the future. There are also in the Matapedia valley some substantial forest resources which we are now, under the plan, in the process of developing. If the development we hope for goes forward, this will generate roughly 400 jobs, and it will then become possible, on paper—and it is easy on paper to say that we will take a marginal farmer and make him into a forest operator, but this is the intent. Whether these 90 farmers will in fact want to become forest operators is a different question altogether.

Senator McGrand: That is what I want to get at.

The Chairman: Senator McGrand, I have to give Senator Carter a chance. He has a different subject and has to get away.

Senator McGrand: I want to get one question in that I have been waiting to ask for over a year, and that is that in the Matapedia area there is the possibility of developing productive woodlots or forest farmers, something you would not get in the interior of Gloucester County, where the farms are down to 10 and 15 acres and the woodlots are gone.

Mr. Saumier: That is right. As far as the farm woodlot is concerned, the consensus of the experts seems to be that the forest farmer who depends for his livelihood on forest exploitation is not the applicable solution. We must move into large forests, and that is why in the Gaspé agreement we have taken steps to have these farms.

Senator Carter: Senator O'Leary (Antigonish-Guysborough) covered my initial question. I would like to come back to your Table 1. Let us take Prince Edward Island. For the seven-year program you have almost \$243 million, and you say only \$76.5 million of that is going to be paid by the federal Government.

Mr. Saumier: This is the FRED contribution.

Senator Carter: But FRED is a federal fund, is it not?

Mr. Saumier: The total federal contribution there will be \$125 million.

Senator Carter: What is the total federal?

Mr. Saumier: The total FRED is \$76.5 million; and the total federal, including the \$76 million, is \$125 million.

Senator Carter: Where is the balance of the \$125 million coming from?

Mr. Saumier: For example, from the Department of Manpower and Immigration, Central Mortgage and Housing Corporation, and the Department of Fisheries. What we have in the case of P.E.I. is an agreement of unprecedented scope which tries to co-ordinate, under the one aegis, practically all the provincial and federal programs which apply to P.E.I. now, and to supplement them by means of the \$76 million coming from the FRED fund.

Senator Carter: Even if the total federal contribution is \$125 million, that is still less than half, or just about half, and that still leaves \$118 million for poor little Prince Edward Island to find.

Mr. Saumier: As a matter of fact, under this \$118 million, P.E.I., the real contribution of Canada is more than the \$125 million, because in this \$118 million there are the equalization payments, for example, which come from the federal Government and which are a contribution at large.

Senator Carter: This is what I am trying to get at. You have given us figures here for the total planned cost, but it is a conglomeration of moneys spent under public works, housing and all sorts of things. How can we ever pinpoint what is going to be spent to develop this particular area? What is coming from your department? You talk about FRED and ARDA. But from other departments, under public works, housing, education and all sorts of things, there is going to be more money. It would have been more meaningful to me if I knew what Prince Edward Island is expected to pay in the seven years, because there are only 107,000 people there, and I am interested in knowing how they are going to manage it.

Mr. Saumier: This is a question that has been asked of us very often and that we have asked ourselves. We have asked ourselves: What is the net new federal contribution to

P.E.I. under the agreement? I am sorry to have to say it is a question that it is not possible to answer. It is not possible to answer it for a fairly simple reason, because it depends on the assumptions you make. For example, we are asked, and we ask ourselves: What will the federal Department of Manpower and Immigration spend in P.E.I. over and above its regular programs, which would represent the special effort of that department in P.E.I.? It is not possible to answer that because, depending upon the assumptions you make as to the rate of growth of various federal programs in P.E.I., you come up with entirely different answers, because the manpower program applies to P.E.I., just as it does to every other area in Canada. How much, in fact, the Department of Manpower has spent in P.E.I., without the FRED agreement, is something to which there is no answer.

Senator Carter: I do not understand why you include in your total cost plan figures which would be spent regardless of whether there was a FRED agreement, or whether there was a rural development department at all. This would be spent anyway.

Mr. Saumier: Yes, this would be spent, that is right.

Senator Carter: So, it makes your figures, in my estimation, meaningless, and you project them up to \$725 million for Prince Edward Island for 15 years. Have you any idea of how much of that amount will come from the people of Prince Edward Island themselves?

Mr. Saumier: The only determination that has been made is as far as the first five to seven years is concerned. After that the whole issue will have to be renegotiated again because, obviously, after the first seven years, if the plan has any success at all, the financial capability of the Government of Prince Edward Island will have been considerably enhanced and it should be, therefore, in a position to pay more than it would appear to be in a position to pay today. If you were to ask: How much will Prince Edward Island be able to spend of its own money in, say, ten or twelve years' time...

Senator Carter: But what I do not understand is why you include figures of amounts that would be spent anyway as part of the

total for the development of Prince Edward Island? Why do you do that?

Mr. Saumier: The reason for this is that the Prince Edward Island agreement is an agreement which tries to bring together practically all existing provincial and federal programs on the Island—all of them.

Senator Carter: Can you give us the net figures, apart from what you would have spent anyway? Can you then tell us what goals you have for these expenditures which are directly focussed on development?

Mr. Saumier: As I said earlier, the only clear figure that can be given as representing a new federal contribution to the Island is the amount of money coming from the FRED fund, namely, \$76 million for the first five to seven years.

Senator Carter: Well, the amount that comes from the federal Government depends upon what the provincial government can shell out?

Mr. Saumier: No, this is not conceived in that way. What we have in the Prince Edward Island agreement is a complex of programs, some of which deal with education, some of which deal with highways, some of which deal with manpower training, with forestry, with agriculture, and even with the Government structure in Prince Edward Island itself. We have a complex of programs, the total cost of which is shared between the federal and provincial governments. As a matter of fact, if one looks at the Prince Edward Island agreement carefully one sees that the lion's share of the provincial budget is encompassed within the agreement, because the agreement covers practically all aspects of government activities on the Island.

Senator Carter: To turn to something else, the money you have allocated here—it is under the headings of FRED and ARDA. FRED and ARDA are no more. You are just continuing programs that are underway in these particular cases?

Mr. Saumier: FRED is no more, but ARDA is still on the books.

Senator Carter: And you are just administering it?

Mr. Saumier: Yes.

Senator Carter: I think Senator O'Leary (Antigonish-Guysborough) brought out the

point that there was a difference in philosophy in respect of the payments under FRED and under ARDA, although I never really discovered what that difference was. All I could see of the difference was that in respect of the ARDA programs you just turned the money over to the provincial governments and they administered it, but I never got a clear idea of what the difference in philosophy between the two programs was.

Mr. Saumier: Would you like me to expand on this for a moment?

The Chairman: Yes.

Mr. Saumier: The difference in philosophy is the following: Under the ARDA agreement we deal with isolated projects. If a province wants to engage in a farm consolidation project, for example, in a given area then we will deal with that small isolated project on its own merits. If two years afterwards they want to have a farm consolidation project elsewhere, then we will deal with that. So, under ARDA we are dealing with a number of isolated projects that may or may not be related one to the other.

Under FRED we go at it in a completely different fashion. We carve out an agreement with a province in respect of a rural area that has substantial problems, and we try to devise an approach that will look at all the problems of the area on a comprehensive basis, and define programs which are strongly interrelated which will tackle all of these problems at the same time in an integrated and co-ordinated fashion.

So, on the one hand, under ARDA we have isolated projects, which we may say are essentially ad hoc projects, and, on the other hand, under FRED we have...

Senator Carter: Can you say that you have an integrated program under FRED?

Mr. Saumier: That is right, it is an integrated program which tries to focus on the totality of the problems of an area, and resolve them all at the same time.

Senator Carter: Where does ADA, which is the Area Development Agency, come in? How do you overlap with them?

Mr. Saumier: ADA is a program which has a very clear purpose—that of bringing new industries to depressed areas.

Senator Carter: You do not administer ADA?

Mr. Saumier: ADA is now administered by the new Department of Regional Economic Expansion, but before that department was created ADA was a distinct agency which was a part of the Department of Industry. We work closely with them. We try to see what their programs are so that in the case of a FRED agreement their programs could be dovetailed, as it were, into the overall concept.

Senator Carter: Now, you are continuing the FRED programs that are already started, and hopefully there will be new ones. Have you developed any criteria as to how to select areas for these new programs? What criteria will you use in selected areas, and the types of programs for those areas?

Mr. Saumier: I would suggest, Mr. Chairman, that this question should more properly be asked of Mr. Kent.

The Chairman: Yes, Mr. Kent will be before us with the projections, Senator Carter, and if you do not ask him that question, then I will.

Senator Carter: Yes, I would like to get that information.

In 1962 you started a three-year agreement with ten provinces totalling \$50 million. That amount, when divided between ten provinces, is not very much. It is only \$5 million per province. In fact, you did not even spend that much. How much of it did you spend?

Mr. Saumier: We committed \$35 million of federal money.

Senator Carter: Why did you spend so little?

Mr. Saumier: I was hoping, sir, that somebody would ask that question, and I am glad that it has now been asked. Why did we spend so little? We are talking about the ARDA operation, and I would point out that there are two ways in which one could have put these ARDA programs into effect. One way would have been to say to the provinces: "All right; here is \$50 million which we intend to use to finance, in part, your on-going programs. Please give us a few on-going programs." For example, there might be a training program in an area in respect of which we will undertake to pay part of the cost up to a certain maximum. This would have been one approach, and if we had used that approach we would have spent \$50 million in

one year for various agricultural development programs. But, we took a different approach. We told the provinces—and they agreed with us on this; this was the basic philosophy—that we did not want to use the \$50 million to finance on-going programs but would rather use it to finance new programs. That having been said, it became necessary for each province to set up new machinery to develop new programs, which is something that takes some time. This is why under the first agreement we have not spent the full amount of money, simply because we want the money to be used to finance new projects and new programs. Indeed, the success of this led us to increase the amount of money available under the second agreement.

Senator Carter: When you say new projects and new programs, are you talking about pilot programs?

Mr. Saumier: They may be pilot programs; they may be programs of significance to rural people of any kind. Mind you, under the first agreement a lot of money went towards financing on-going programs. This was a process of gradual transition from financing existing programs to financing new programs; we gradually caused a decline in one as we built up the second.

Senator Carter: You are still spending money on research, I take it?

Mr. Saumier: We spend money on research.

Senator Carter: What kind of research are you doing?

Mr. Saumier: Very little goes on research actually. Most of the money we spent on research under ARDA was on research designed to prepare the FRED programs. In table 4, for Gaspé you will see six projects with a federal expenditure of \$1.3 million. That was money entirely to finance research efforts that went into framing the Gaspé agreement with Quebec, so by and large this money was spent to finance research projects looking forward to the FRED agreement. If you look at certain specific areas and programs there was also money for research before the ARDA projects.

Senator Carter: Did you employ specialists in Gaspé?

Mr. Saumier: Yes. A group of people was hired specifically for that purpose.

Senator Carter: Then how is that that group of people did not pick up the milk problem? Did they sanction this milk project?

Mr. Saumier: Sure. The assumptions made at the time were such as to make it valid to have this kind of objective, and later on it appeared that this objective was not as good as it had appeared earlier.

Senator Inman: Senator Carter has asked a lot of questions that I had proposed to ask concerning Prince Edward Island. Of course \$725 million is a great deal of money for a little over 100,000 people, but the Prince Edward Islanders drove a hard bargain when they entered Confederation and I presume they did the same here. In table 5 one project is shown for Prince Edward Island, with an expenditure of just over \$11,000. Could you tell me what that project is?

Mr. Saumier: This was a project leading towards the Fred agreement for P.E.I. In P.E.I. we hired consultants who began to do some work leading towards the preparation of the analytical work required for the FRED agreement, and this is where the money came from.

The Chairman: Research?

Mr. Saumier: Yes.

Senator Inman: Can you give me some idea what projects you have in mind for the province?

Mr. Saumier: Right now?

Senator Inman: Yes.

Mr. Saumier: The projects we have in mind for P.E.I. are completely encompassed within the federal-provincial agreement signed a few months ago between the government of P.E.I. and the Government of Canada, which envisages an expenditure over the next 15 years of \$725 million. This is not one project. It is a completely integrated complex of programs under which over the next 15 years roughly \$725 million will be spent.

Senator Carter: Would it be possible to revise this table and give us the figure that would be spent? I would like to know what would be spent in any case if there were no FRED agreement.

Mr. Saumier: I am sorry, it is simply not possible to give this figure. We have tried. I know that we have tried at least three times

to say what the federal Government would spend in P.E.I. in any event.

Senator O'Leary (Antigonish-Guysborough): You did suggest a figure of approximately \$78 million.

Mr. Saumier: This is a contribution under the FRED plan. If there were no P.E.I. agreement this contribution certainly would not have been made to P.E.I. This is so much wrapped up in possible development. For example, there is the Trans-Canada Highway program. What would be the cost of this program over the next ten years?

Senator Fournier (Madawaska-Restigouche): They could even prove the road with coal!

Mr. Saumier: It is impossible to know this.

Senator Inman: What programs do you have in mind for the farms?

Mr. Saumier: The object of the P.E.I. agriculture program is, over a period of years, to increase the agricultural production output of P.E.I. two or threefold.

Senator Inman: How is it planned to go about that?

Mr. Saumier: We plan to go about this through a twofold process. First of all there is a process of developing new agricultural land in P.E.I., which is now available but is undeveloped. Secondly, there is a process of consolidation of existing farms. In P.E.I. the existing farming is carried on by what can be described as a fragmentation of units; a man will farm 15 acres here, 20 acres somewhere else and 50 acres in a third place.

Senator Inman: There are not too many of them.

Mr. Saumier: Apparently, from what I am told, there are quite a few of them. We want to bring these existing farms into complete units.

Senator Inman: There are nearly 3,000 vacant farms. I was wondering if it was planned to do anything about them.

Mr. Saumier: Yes, indeed. We want all land in P.E.I. that is sound for agriculture brought into production and consolidated into manageable economic units. The prospects for P.E.I. under the agreement are exceedingly interesting, because under the plan we anticipate a considerable reduction in the rate of

out-migration from P.E.I. We anticipate an actual increase in the population of the province, whereas over the last ten years the population of P.E.I. has been static, which means there has been a considerable out-migration.

Senator Inman: It has been static for nearly 100 years really.

Senator Carter: Are you exploring the possibilities of tobacco growing in Prince Edward Island?

Mr. Saumier: Yes, indeed. As I understand it there is already some tobacco growing. These people have been assisted through ARDA, and they are in the process of getting some fairly large acreages devoted to that.

Senator Inman: It has been very successful.

Senator Hastings: I wonder if we could leave the Maritimes and go to Alberta for a moment. Do you have anything to do with the administration of Newstart, Mr. Saumier?

Mr. Saumier: Not myself. The department now has this, but previously Newstart was part of the Department of Manpower and Immigration.

Senator Hastings: You cannot answer any questions with respect to it?

Mr. Saumier: I would suggest to you, sir, that the Standing Committee on Housing and Regional Development has received extensive testimony from Mr. Page, who was the Director of Newstart. It may be that some questions you have will have already been answered.

Senator Hastings: It is regarding an allegation made by the CYC, in their brief to this committee.

The Chairman: Would not Mr. Kent be able to assist?

Senator Hastings: Would you take notice of that?

The Chairman: Tell him what you have in mind and he will convey it to Mr. Kent. What did you have in mind about Newstart?

Senator Hastings: Newstart in Alberta? After a year and a half of operation it had built up a staff of 47 professionals and trained a total of 12 people and one Indian. Secondly, sir, I wonder if we could turn to Table 3 where it shows from the 1st April to March

31, 1965. Your expenditure on research was \$1.9 million. The first one, alternate land use, shows \$6 million. How much of that was research?

Mr. Saumier: Alternate land use or research?

Senator Hastings: In regard to the \$6 million.

Mr. Saumier: It was actually used for alternate land use projects.

Senator Hastings: Does the same apply to rural development? There was no research in there.

Mr. Saumier: Research is segregated under the \$1.9 million.

Senator Hastings: Sir, in regard to administration and salaries, is that in the \$6 million?

Mr. Saumier: No, this would come under rural development, the first agreement.

Senator Hastings: The \$4 million?

Mr. Saumier: Yes.

Senator Hastings: You do not know what per cent of that \$4 million was taken up in administration and salaries?

Mr. Saumier: That would be a rather small per cent. The amount of money that is used for administration under the agreement, about the first of second agreement, was that we pay half the cost of the provincial ARDA staff.

Senator Hastings: Half the cost?

Mr. Saumier: Yes. What it would be in alternate, frankly I would not know.

Senator Hastings: Is your own staff charged to that?

Mr. Saumier: No, our own staff is charged to our own internal budgets. This is money paid to the provinces.

Senator Hastings: Then you pay half the cost of the administration salaries?

Mr. Saumier: Of the provincial program.

Senator Hastings: You say that would be rather small?

Mr. Saumier: Yes, because in Alberta...

Senator Hastings: I am not talking about Alberta, but the whole country.

Mr. Saumier: It is rather small, yes.

Senator Hastings: Finally, sir, back to this area of Incentives Act and ADA, I would like to explore this, if I could, for a moment. I understand that over 1,200 firms have invested, I think, \$1.8 million in these areas, thus creating 50,000 jobs up to the end of 1968 and an equal number in the service industries. If I understand you correctly, you say that of those 100,000 jobs, very few were filled by people in that area.

Mr. Saumier: I think one has to be careful here. By and large, the ADA programs have not been very effective in the areas in which we have been concerning ourselves. For example, in northeast New Brunswick or in the Gaspé or so forth, they have had a few projects, but most of their large projects have taken place in less underprivileged areas.

The Chairman: You say they do not contribute to employment.

Mr. Saumier: They do contribute to some employment. What I am saying is that even though you have a new industry, it is not necessarily a fact that the people living next door or 10 miles away, who are sometimes poorly prepared, mean that they will find employment in these industries. You are familiar with the situation in the northern prairies where I am told the annual turnover in industries is about eight months. This means that every eight months they completely change staff. This staff is composed, essentially, of people from the southern part of Canada, who, for the love of money, work for a month or a year and then come back down. We have Indian populations around there who are living in a pretty desperate situation.

The Chairman: What are you doing to overcome the resistance to community participation? We were discussing community participation in the Gaspé and other parts. What are you doing to overcome that, since your purpose is to have community participation? Do you find it beneficial?

Mr. Saumier: Let me give you an example of what we are doing in the west. Under ARDA we have been contributing substantial amounts of money to the Saskatchewan Division of Indian youth, the Manitoba Indian Federation, and in Alberta, where I am told they have three organizations. We are contributing roughly \$60,000 this year to all three

of these organizations. The purpose of these associations is obviously to provide a voice for the Indians so that they can arrive at an understanding of their own situation and make their own representations. Working with the population is not a process which suddenly yields miraculous results. It is a slow process and one has to go at it for a period of time before anything significant becomes visible.

The Chairman: You are contributing money in the Gaspé and other portions and yet you are getting some resistance. You may get less resistance from the Indians since they may be less vocal.

Mr. Saumier: We are not getting any resistance from the whole population. These are the types of theoretical problems we are facing: What does it mean to have participation of the population in the preparation and in the implementation of the development plan? What does that mean, even in theory? Once you have arrived at some kind of consensus of what it means, how do you do it? What I was suggesting was that there is yet no consensus even as to what that means. It is obviously more difficult to know how you are going to achieve it.

The Chairman: What you said earlier, I think, was that they really are in an advisory capacity there. They are presented matters and these are discussed and decisions are made by others and then they are presented with the decisions. They have objected to that.

Mr. Saumier: And rightly so.

The Chairman: Fine. How do we overcome that objection?

Mr. Saumier: I am afraid, sir, to this question I have to answer that I do not know.

The Chairman: How do the Americans deal with that problem? They have had that problem.

Mr. Saumier: Yes.

The Chairman: Did you make any inquiries?

Mr. Saumier: I have read a lot of their literature and I dare say that they have come to the same conclusion.

The Chairman: You mean no conclusion?

Mr. Saumier: No conclusion.

The Chairman: I think you are right, that is the problem. That has not been one of their great achievements, but I thought, as I looked up your credentials and saw that you were first in your class and have got an academic excellence beyond all reason, that you would be the person to ask the question.

Mr. Saumier: I look at the people devoting full time to this and still have not arrived at an answer, and in the meantime I wring my hands.

Senator O'Leary (Antigonish-Guysborough): I note in the present tense, in the biography that you are a lecturer of sociology. Is the approach very different in getting at a problem, from an urban point of view sociologically speaking, from an urban point of view and a rural point of view? You point out in your brief four factors, one of which is isolation. Are the other three, your approach to the other three, is it approximately the same?

Mr. Saumier: They would be.

The Chairman: Assuming for a moment that the great problem of the poor today is money, inflation, lack of low cost housing, is that put fairly?

Mr. Saumier: I think, sir, that you have described what you might call the economic problems of the poor.

The Chairman: I am sticking to the economic problems, I am not touching the cultural or other aspects of it. In your brief you say that Canadian emphasis was on the economic problem. That is what we are trying to cure at the moment.

Mr. Saumier: That is right.

The Chairman: Without much success yet, we admit that. You are not to blame.

Mr. Saumier: Yes.

The Chairman: Then how do you sit by and allow them to make expenditures of \$6 million on building, \$2 million on training facilities, or \$9 million between the two, out of \$15 million, and yet spend only \$140,000 on housing? How do you reconcile these figures, when you have the guidance of how some of that money is to be spent?

Mr. Saumier: The reason for this, sir, from the practical point of view is fairly simple. The housing program which we have in Canada now under the N.H.A. is a shared cost

program. Part of the program cost is paid by the province and a part, the larger part, is paid by the federal Government.

It then becomes a question, from the point of view of the provincial government, to decide what part of its own limited financial resources it will devote to housing generally in the province, and within the total of provincial education, to decide what part will come from this very limited allocation that it will spend for housing in northeast New Brunswick. This is where the real crunch comes.

The Chairman: When Senator O'Leary asked you a question about education he asked you whether you had specifically allocated X number of dollars for education. You skimmed around a little bit, I know what you were trying to do, and what you said was, in just that way, but we had a fund which said that was for a particular plan, we did not call it education but that is what it was.

Mr. Saumier: Those are your words.

The Chairman: Those are my words. You are quite right. I appreciate your coming here today and speaking so frankly to us. Those are my words. At that moment, was there not someone sitting around the table who said: "All right, we think that is very good, but these are poor people, they must have poor houses, they must have great need, and the province is reluctant to put some money into that, here we have some money that goes as a lump sum, so instead of paying this \$8 or \$9 million into education, and instead of the \$140,000, we will throw in \$1 million for housing and \$1 million for other things so that there will not be shanties there beside a beautiful school and beautiful training facilities." Is there nobody in the department who might have said that and to whom that might have appealed as the proper thing to do?

Mr. Saumier: If you look at the northeast, you will see that there is \$3 million for housing.

The Chairman: But that is by the Central Mortgage and Housing Corporation.

Mr. Saumier: That is correct.

The Chairman: Subject to a similar matching grant from the province—and that is the killer.

Mr. Saumier: That is right, but let us look for a moment at what the housing problem is

in a case like that. In Bathurst now we had no service plant but if you go to Bathurst you will see large tracts of land where new sewers are being put in and people are using new septic tanks and have very nice houses. I was there myself about three weeks ago. When you must have housing, you must buy land and service it for the house. The C.M.H.C. is able to assist in this undertaking but I think that 65 per cent of the money, I do not know the details, is the amount to which they assist. You create a service plant, you find out that the main sewer pipe of the city of Bathurst becomes insufficient and in order to have a service plant you must revamp the whole sewer structure of Bathurst. This goes down along the line and in order to have a housing project of some magnitude in a small city the municipal finances of which are already exceedingly poor, you cause the municipality to enter into considerable expenditures which they cannot face.

The Chairman: Then you are describing the situation that is applicable not only to Bathurst but to areas right across this country.

Mr. Saumier: It is especially applicable to small municipalities in rural areas. I was in the Gaspé over the weekend and met with three city councils and they are all exceedingly keen to having something done in the Matapédia River, which is being polluted, as you know. The salmon which used to come up the river so far in the last few years are coming less and less far because the river is polluted. If you go to the small city of Amqui with a population of 6,000 people, they want to set up a pollution control treatment plant which will cost \$500,000. This is completely outside the reach of the city.

The Chairman: What is the answer to that problem? We are faced with that. Take my word for it, I myself faced it thirty years ago as mayor of a municipality. And it has not changed.

Mr. Saumier: It has not changed at all.

The Chairman: What is the answer?

Mr. Saumier: The first answer of course is, if money were available at low cost, one could go to Amqui and say here is the \$600,000 you can go ahead and put in your treatment plant.

The Chairman: Who—the province?

Mr. Saumier: I do not care where it comes from—it may be provincial, federal, United States, or the United Nations—if it solves the problem.

Senator Fournier (Madawaska-Restigouche): We are overlooking an important fact.

The Chairman: What is that?

Senator Fournier (Madawaska-Restigouche): The C.M.H.C. will not lend money or guarantee any loan to any individual if he does not build within a planning area. The planning area usually is adjoining a city. We have at this stage people living in cities, doctors and professional men who would like to build outside the city and have comfortable homes where land is available. They could drill their own water wells and could have their own septic tanks, approved by the government, but the C.M.H.C. would not guarantee any loan, under any consideration and will not even talk to them.

The Chairman: You mean the mortgage money is not available?

Senator Fournier (Madawaska-Restigouche): It is not available.

The Chairman: And not available from local institutions?

Senator Fournier (Madawaska-Restigouche): If you have to go to the bank, it is another setup.

The Chairman: Why not go to the bank? What is wrong with the bank?

Senator Fournier (Madawaska-Restigouche): Usually we go to . . .

The Chairman: A mortgage institution.

Senator Fournier (Madawaska-Restigouche): Yes.

The Chairman: But you have others outside the C.M.H.C.

Senator Fournier (Madawaska-Restigouche): The C.M.H.C. seems to be the government organization for this purpose. The great majority of Canadian people have no access to it because their ideas are trying to bring people into groups around cities, which is contrary to what we are thinking now. We have the problem that the cities are overcrowded and there is this government organization which works in toward that goal. Today there are thousands of homes that

could be built across Canada and could be going through the C.M.H.C., where the loan facilities are easier, but they cannot do it because they are not within the plan or development area. They will not even talk to you. This is a very bad situation and it is a very poor move that that was done.

The Chairman: What was done? With the C.M.H.C.? They never could?

Senator Fournier (Madawaska-Restigouche): Yes, they could.

The Chairman: At one time?

Senator Fournier (Madawaska-Restigouche): Yes, they could, because I know from experience. I built myself a home about fifteen years ago.

The Chairman: You mean they stopped it at one time or another, subsequently?

Senator Fournier (Madawaska-Restigouche): It was stopped after that. I built myself a home out there under those conditions out in the country. I have a nice little home and I am proud of it. It has a septic tank. The conditions were Canadian terms. Now this cannot be done any more. You cannot build around my place any more. There's all kinds of land up there. I have even sold lots, but the people who bought the land cannot talk to C.M.H.C., they have to go to the banks at high rates of interest.

The Chairman: There is no difference between the bank rates and the rates of C.M.H.C.

Senator Fournier (Madawaska-Restigouche): But you can't get the money at the bank, if you have not got half the value of the buildings you want to put up.

Senator O'Leary (Antigonish-Guysborough): I suppose this has come about because of the great urban urgency. I think probably Senator Fournier (Madawaska-Restigouche) is right. We are adding to the great urban urgency of forcing building within—Dr. Saumier spoke about the magnitude of the development. In other words, if you don't make these developments large enough, they are not serving a reasonable purpose. Therefore, they have to be large. Perhaps we are looking too much at the great magnitude.

And it is the same with services. We feel that we must have all of these services there in this developed land and that it must develop to that extent. Perhaps we cannot revise our thinking on that when we realize that

Canada is almost 80 per cent urban. I suppose, if the major problem is there, that is the one we will have to be looking at.

The Chairman: We won't talk about the cultural and other aspects that you dealt with, but just the economic aspect, and you touched on it lightly, can you think of any conceivable solution to the problem of the poor in an economic sense, other than a guaranteed minimum income.

Mr. Saumier: All I can say, Mr. Chairman, is that a number of other approaches have been used.

The Chairman: What are they?

Mr. Saumier: We have tried welfare.

The Chairman: Yes, go ahead.

Mr. Saumier: We have tried welfare. Again, I was in the Gaspé over the weekend and all these small farmers were saying, "If you force us out of our farms, out of our small, uneconomic farms, we will be on welfare."

The Chairman: It won't work.

Mr. Saumier: You are right, it won't work. In the Gaspé and Matapédia last winter there were 80 per cent of the population on welfare. Obviously, the welfare approach will keep these people going physically, but it will not do anything to remove or cure the causes of poverty. The first requirement for a solution to this problem of poverty, as I indicated earlier, is a prosperous national economy. Unless you have that you may as well forget about it.

The Chairman: That is right.

Mr. Saumier: The second requirement is that once you have this prosperous economy you must then set in motion programs which enable everybody to benefit from this prosperity. By this I mean that you must set in motion programs which will enable people who are now either unemployed or underemployed to gain access to productive employment. These programs must be both individual and family oriented.

I will give you one example of what I mean. You take somebody who comes from the back woods area, say in northeastern New Brunswick, and you put him into a larger centre. That is all very well, but some of these people have never in their lives been in a supermarket and have never been used to

administering a family budget and so forth. Therefore, there is no point, relatively speaking, of moving the father from the small isolated village into the larger centre unless you take steps at the same time to move the father and his family not only physically but also psychologically and emotionally into their new way of life. You must have the two programs, the individual-oriented program and the family-oriented program, both at the same time.

The Chairman: You told us that there was 8 per cent unemployment in Quebec. You followed that up by saying here a few minutes ago that the people in the Gaspé have said, "Relief? We don't want relief. It has been a failure, a flop, and we don't want any part of it."

What is your solution? What do you do for these people?

Mr. Saumier: I have been looking at this for two years, almost three years, and I must say quite frankly that I do not have any immediate solution.

The Chairman: Of course, the committee has not made up its mind about anything. We are still groping. We are trying to get information. But there is in this country, in the United States and in Great Britain, among outstanding economists, sociologists and welfare workers, and so on, a deep feeling that for those people whom you call the disadvantaged there must be made a minimum provision. They are not in a labour market; they could not compete, if there were a labour market. What do you do for those people?

Mr. Saumier: I share your feeling, Mr. Chairman. So far as I know, and again my knowledge here is limited, there seems to be a consensus among economists and sociologists that some formula along the guaranteed minimum income line seems to be essential in this attack.

One outstanding American sociologist who worked in the war on poverty program in the United States came to the conclusion that the solution, so far as he could see, was, as a first step, to provide a minimum guaranteed income. Once you have that, you have created a floor below which nobody can fall. Once you have that floor, it then becomes possible to launch new programs which will get them at that floor and enable these people to move forward.

But until such time as you have that floor, then you will never have any answer, because welfare is not the answer.

I know of cases, and this has been fully documented, where it is much more profitable, even money-wise, for the individual to stay on welfare than it is for him to go to work.

The Chairman: Yes, we have come across that.

Mr. Saumier: Why should a man who has an insured welfare income 52 weeks out of the year take a chance of losing his welfare benefits to become a floor sweeper, possibly for two weeks or a month, after which time he will fall back on welfare and have to go through the whole machinery of being reinstated and filling innumerable forms and so on? These people therefore make the decision, which I think is a rational decision under the circumstances, that they are better off staying on welfare than they would be taking casual, uncertain and unremunerative employment with no hopes at all for the future.

The Chairman: Have you by any chance had any experience in your work with female heads of families? Has that come into the experience of your department?

Mr. Saumier: I take it you mean women who are heads of families because they do not have any husbands.

The Chairman: That's right.

Mr. Saumier: Not directly.

The Chairman: Not directly; so that you are working with in the main is what we might call the working poor.

Mr. Saumier: Yes, and particularly the rural poor.

The Chairman: Well, they do not vary very much from other people; they are both poor. Are there any other questions?

There was one phrase I did not quite understand here where the used the expression "political disadvantage". What do you mean by that?

Mr. Saumier: Well, Mr. Chairman, by that I mean the concept that when one of these people belongs to the poor group his voice or his impact on the decision-making process of government is bound to be very weak.

The Chairman: He is voiceless. That is the trouble with the poor, isn't it?

Senator Hastings: The Company of Young Canadians made the following statement—"Even those programs which purport to be rehabilitative inadvertently function to keep the poor in their place". Would you care to comment on that? I would imagine that in the rehabilitative programs one would include ARDA and others.

Mr. Saumier: I think it is very difficult to make an answer to an overall statement contained in one line of this type. I know of programs which we have developed under ARDA which have been very successful and where this effect mentioned here has not taken place. If you look at the Saddle Lake Indian Reserve, for example, you will see that the contrary is true. There under the auspices of ARDA we launched a very comprehensive program of agricultural development. The impact on the reserve was such that last winter there were no welfare payments made there at all. In fact the results were such that the people there became members of the Chambers of Commerce in local adjacent cities and are playing within the larger communities the role that they should play. From that point of view we do have well-designed programs which fulfill the function of bringing isolated communities into the main stream because they are designed with a purpose in mind of enabling these people to work with their own resources and so move into the main stream. It is not a program whereby they are shoved into the main stream by means of massive subsidies. On the contrary, it is a case of helping them to help themselves.

The Chairman: Any other questions?

Senator Fournier (Madawaska-Restigouche): Oh, yes, Mr. Chairman, I have enough questions to keep the committee going all afternoon. However, let me say at this point, that I did not agree with ARDA from the start but I do not intend to get into a discussion on that now because it would take too long and I have too many notes and the hour is getting quite late. But I would like to thank Mr. Saumier for the courtesy he has shown in coming here and speaking to us.

We really have nothing against you at all. Your evidence has been much appreciated, even if we might have seemed a little rough on you at times; but we were doing our duty.

I would like, if it is possible, to have an opportunity to discuss with Mr. Saumier some of the problems of ARDA as I know them because I know that there are certain things happening that Mr. Saumier does not know about. This is normal; there are some things which never reach the top.

Now, referring to the participation which our chairman mentioned, I think that some of the mistakes have been made because of this question of participation. The young people were not prepared to come to our places and tell us what to do. We had been living in those places for 25 years and we had experienced almost everything, but we had failed and we knew it. Then these young fellows came in and told us they were going to do the same thing. I know this because I attended several of these meetings not in the north-east but in the north-west where they moved in and where we have an office in Edmunston. It did not take long for these young people to be badly cornered without any answers.

If you look at the names of the people who served on the committees formed three years ago and those serving on the committees today you will find that there has been quite a turnover. People stayed on the committees for four, five or six months and then moved away.

The first committees included leading people in the community, the leading farmers, the garage owners, the business people and the postmasters. Now you do not see them there any more because these people came in but they had nothing to sell. They came into an area, saw a few cows in a field, and if they saw 10 they said "Well, if that were increased to 20, that would help a lot", but of course while it was a good idea, it was not very practical. They forgot about the milk surplus across the country and the surplus of cheese, butter and other dairy products. The people in those communities were looking forward to something and have found nothing and that is why you have these credits waiting for two and a half years. However, I will point out all these mistakes when we have an opportunity of talking later.

Furthermore, I believe that ARDA has become a victim of the politicians, and here I am not talking about Liberals or Conservatives. There were occasions when the timing of announcements came too close to an election and many people thought that you were just flying a kite. It must be remembered that

at such a time you have two major groups and so when you make such an announcement it becomes a political football. One of the groups loses faith in it and so you lack the help of people who would otherwise support it.

Another point to bear in mind is that in some regions these plans fell into the hands of the clergy. Now I believe the clergy has its place in the churches but when it comes to politics or business it is a different matter. Of course the clergy in our own areas have tried very hard to overcome the situation, and I give them credit for doing so. They have spent a lot of money and they have tried to train people, but they were dealing with a situation which was impossible. Then when the statement was presented you heard from the pulpit that you had to sit and sweat it out because it was not known what would take place.

Now, if we had the opportunity, I would like to get together with you and talk about these things in a constructive way because I do not want to put anything bad on the record.

The Chairman: Senator Fournier, you two have met already, and there is no reason why you cannot arrange to have a further talk. I am sure you would both find it very interesting.

Senator Fournier (Madawaska-Restigouche): Here we are building a little list of definitions. Now I am referring to your brief where you talk about the "disadvantaged person". You avoid using the word "poor" or "poverty". Our committee is dealing with poverty and the poor. It is our aim to find solutions for their problems. However, so far, in none of the briefs presented to us has anyone defined "poverty" to my satisfaction. One spoke of the "necessities of life", but no one has defined them. I would like a clean-cut definition. Then someone else talked about "consumer education," and I am a believer in that, but no one has defined it. I am adding to my list "disadvantaged person," and I ask what is a disadvantaged person? You can give it very broad scope, as to location, physical ability, education; there seems to be no limit to it. On the other hand, if this committee is to be successful, we have to look into these things and try to establish what such terms as "disadvantaged person" involve.

The Chairman: Senator Fournier, that is a term that is commonly used among welfare workers.

Senator Fournier (Madawaska-Restigouche): I know.

The Chairman: But it has a distinct meaning there. I have used it in that sense. When we have the Canadian Welfare Council before us, they will deal with that term and such others as "the necessities of life". Of course, those terms will have to be explained, and we will receive explanations from the professional social workers and the voluntary organizations.

Senator Fournier (Madawaska-Restigouche): I hope so.

The Chairman: It is certainly necessary. Are there any other questions?

There is one thing I would like to ask. There were three sorts of failure that you described in part of your undertaking, in connection with fishing, forestry and farming in that Quebec area. You were asked if you had a solution, and you replied that you had no immediate solution. Do you wish to leave it at that for the time being?

Mr. Saumier: Yes. We know what we want to do with fishing, forestry and farming, but...

The Chairman: But you do not know what to do with the people?

Mr. Saumier: Yes, but we do not know what to do with the people, if we have been through that process of rationalization, which means that the process of rationalization will have to go slow until we know what to do with the people.

The Chairman: Dr. Saumier, on behalf of the committee I want to thank you for your assistance. You have given us some clear concepts of what this problem involves. You were frank in admitting some failures, and you spoke of some successes. You have taken action, we gather, to correct what should be corrected and to do something that will be helpful.

Altogether you have been very helpful and have given us a great deal to think about, for which we are indebted to you.

Mr. Saumier: Thank you very much, Mr. Chairman.

The committee adjourned.

APPENDIX "G"

[Translation]

Statement by Mr. Andre Saumier
Assistant Deputy Minister (Programming)
of the
Department of Regional Economic Expansion
to the Senate Committee on Poverty

1. The attention focused on poverty over the past few years has disclosed a number of aspects which have enabled us to better judge the extent of the problem. One conclusion emerges forcefully; poverty is a complex phenomenon which cannot be expressed in purely economic terms. The expressions "poverty" and "low income" being too often considered synonymous—which involves serious confusions from the analytic point of view—I shall avoid the terms "poor" or "poverty" and speak rather of "disadvantaged persons" and "disadvantage". The extent of economic disadvantage in Canada is also well documented, and I shall not linger over statistics which are already known and readily accessible.

2. Disadvantage essentially implies an absence or lack of opportunities for self-fulfillment which every society theoretically offers its members. There are therefore economic, social, cultural or political disadvantages. It is not easy to state which of these disadvantages is more disastrous for the individual; we do not yet know to what point these various disadvantages are related to each other or whether one is more central or determining.

3. This definition also underlines the relative nature of the concept of poverty which varies not only with time, within the same society, but also from one society to another. We see besides that this approach leads us to abandon the idea of "welfare" in the traditional sense of the word and to think in terms of "betterment" or development, both individually and collectively, collective betterment conditioning the betterment of the individual and vice-versa.

4. To the various forms of disadvantages we may equate specific states or measurable conditions. Thus, poverty is equated with economic disadvantage; isolation with social disadvantage; alienation with cultural disadvantage, and lack of participation with political disadvantage. A true betterment policy must integrally take into account these vari-

ous states and develop programmes by which each of these will be resolved, programmes which must be interdependent and coordinated to the extent that the situations themselves are interrelated. At least, we must not feel that solving one type of disadvantage—isolation, for example, or poverty—will eradicate the others.

5. The past efforts of the government, we can honestly admit, have primarily concentrated on the reduction of economic disadvantages in the very narrow sense of the word. Such a subsistence policy is obviously essential, physical survival being the primary condition for any other form of development. However, this approach clearly proved inadequate and even at times disruptive.

6. This disruptive influence is obvious at the individual level. A paternalistic assistance policy which traps a person in an inextricable web of obscure regulations and makes him a number in a register increases his isolation, alienation and lack of participation. Thus, far from favouring betterment, it aggravates the situation of the disadvantaged person and plants him firmly in this state. It is therefore not surprising that a sub-culture of "poverty" emerges which is passed on from generation to generation and which rebels at periodic intervention.

7. The repeated failures of this approach have led us gradually to think in more general terms, at least with regard to economic disadvantage. We are thus speaking of guaranteed minimum annual income, negative tax, etc. I do not intend to comment here on the possible value of these measures; I should simply like draw your attention to the need to study the possible impact of such measures on the absence of participation, isolation and alienation. An annual income of \$3,500 would not necessarily solve the problem of the solitude of old people or the cultural alienation of minority groups, or the fact that the influence of disadvantaged persons on the major decisions affecting them is practically nil. I shall conclude this very general introduction simply by expressing the hope that our awareness of the intolerable nature of poverty will now prompt us to consider what measures may be taken to reduce the other forms of disadvantage. Only then shall we have a fully human society for all its members.

8. The philosophic considerations I have just raised formed the basis of the approach and programmes of the former Rural Development Branch.

9. ARDA evolved and implemented a development policy for the rural areas. After the initial years of trial, the policy became structured around three fundamental principles. First we realized that development of the existing resources alone would do little to solve rural poverty; the obstacle confronting us was therefore not solely economic but also social and sociological. Measures were thus taken on the individual and collective level to enable disadvantaged persons to have access to actual and planned developments. It therefore appeared that the development of rural resources and the disappearance of the difficulties involved in gaining access to the jobs thus created necessitated concerted and concentrated government effort. Such concerted effort, easy to draw up on paper, difficult to establish in fact, required the setting up of new bodies for just this purpose. These organizations were created and assisted financially by us in each of the provinces and

within the federal government. Finally, it became apparent that such measures and structures would be ineffective if they did not take into account the political disadvantage of the poor rural area; we were thus led to stress the importance of participation of the people concerned in the drawing up and implementation of the ARDA programmes which affected them. All this was accomplished gradually over a period of less than ten years in an often erratic and disorganized manner, with some spectacular failures, within a limited budget and through restricted programmes. The outcome of these efforts, at the legislative level, was the Act creating the Fund for Rural Economic Development (FRED) and the rural development agreements signed by virtue of this Act.

10. You will find in the annex a few tables indicating the financial extent of the programme launched by the Rural Development Branch in the struggle against poverty. It is important to remember that these sums represent only part of the total amount contributed by the government to these programmes.

TABLE 1
FUNDS ALLOTTED PER FRED AGREEMENT

Plan	Time Span	Total Plan Cost	FRED Contribution	ARDA Contribution	Total FRED-ARDA
thousands of dollars					
North East New Brunswick.....	10 yrs.	89,250	24,461	2,300	26,761
Mactaquac.....	10 yrs.	20,950	9,433	1,900	11,333
Gaspé.....	5 yrs.	258,790	83,495	2,700	86,195
Interlake.....	10 yrs.	85,085	27,606	3,000	30,606
Prince Edward Island.....	7 yrs.	242,963	76,448	0	76,448

TABLE 2

FEDERAL EXPENDITURES PER
FRED AGREEMENT TO DATE INDICATED

Plan	Date	Total
		\$
North East New Brunswick.....	31 March, 1969	5,923,242
Mactaquac.....	31 March, 1969	3,168,614
Gaspé.....	31 March, 1969	2,184,605
Interlake.....	31 March, 1969	4,975,362
Prince Edward Island...	1 April, 1969	0

TABLE 3

ESTIMATED ARDA EXPENDITURES ON
PROJECTS RELATING TO ALLEVIATION OF
DISADVANTAGED*First Agreement—1 April, 1962-31 March, 1965*

Alternate Land Use.....	\$6,124,214
Rural Development.....	4,162,693
Research (see Table 4).....	1,964,115
	<u>\$12,251,022</u>

Second Agreement—1 April, 1965-31 March, 1968

Part 1 Research (see Table 5).	\$3,032,526
Part 2 Land Use and Farm Adjustment.....	5,640,230
Part 3 Rehabilitation.....	170,960
Part 4 Rural Development Staff and Training Services.	1,281,047
Part 5 Rural Development Areas.....	17,435,992
	<u>27,630,755</u>
Total First and Second Agreements.....	<u>\$39,881,777</u>

TABLE 4

RESEARCH EXPENDITURES ON FRED
PLANNING, FIRST ARDA AGREEMENT*April 1962-31 March 1965*

	% Federal	Number of Projects	Federal Expend- itures
			\$
Prince Edward Island.....	50 100	0 0	0 0
Northeast New Brunswick	50 100	0 3	0 117,507
Mactaquac New Brunswick	50 100	9 1	91,017 21,388
Gaspé Quebec.....	50 100	6 1	1,312,024 8,000
Interlake Manitoba.....	50 100	3 13	105,801 308,378
Total First Agreement.....		36	<u>1,964,115</u>

TABLE 5

RESEARCH EXPENDITURES ON FRED
PLANNING, SECOND ARDA AGREEMENT*April 1965-31 March 1968*

	% Federal	Number of Projects	Federal Expend- itures
			\$
Prince Edward Island.....	50 100	1 3	11,936 701,356
Northeast New Brunswick	50 100	3 3	42,552 143,961
Mactaquac New Brunswick	50 100	2 0	8,992 0
Gaspé Quebec.....	50 100	17 1	1,679,927 5,000
Interlake Manitoba.....	50 100	6 6	225,025 213,777
Total Second Agree- ment.....		42	<u>3,032,526</u>



First Session—Twenty-eighth Parliament

1968-69

THE SENATE OF CANADA

PROCEEDINGS

OF THE

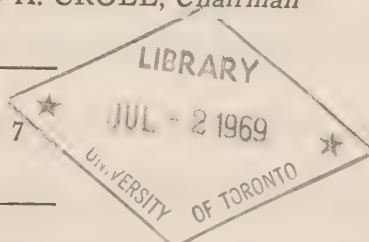
SPECIAL SENATE COMMITTEE

ON

POVERTY

The Honourable DAVID A. CROLL, *Chairman*

No. 7



THURSDAY, MAY 22, 1969

WITNESS:

Mr. Harry J. Waisglass, Director-General, Research and Development,
Canada Department of Labour.

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman*.

The Honourable Senators:

Bélisle	Inman
Carter	Lefrançois
Cook	McGrand
Croll	Nichol
Eudes	O'Leary (<i>Antigonish-Guysborough</i>)
Everett	Pearson
Fergusson	Quart
Fournier (<i>Madawaska-Restigouche</i> , <i>Deputy Chairman</i>)	Roebuck
Hastings	Sparrow

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

THURSDAY, May 22nd, 1969.

Pursuant to adjournment and notice the Special Senate Committee on Poverty met at 9.35 a.m. this day.

Present: The Honourable Senators Croll (*Chairman*), Carter, Cook, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Inman, Lefrançois, McGrand, O'Leary (*Antigonish-Guysborough*).

In attendance: Mr. Frederick Joyce, Director of Research Staff of the Committee.

The Chairman (Senator Croll) tabled a brief submitted by the Canada Department of Labour; and it was agreed that the said brief be printed as Appendix "H" to this day's Proceedings.

The following witness was introduced and heard:

Mr. Harry J. Waisglass,
Director-General,
Research and Development,
Canada Department of Labour.

(Biographical Information respecting this witness follows these Minutes).

At 12.38 p.m. the Committee adjourned until 9.30 a.m. Thursday, May 29th, 1969.

ATTEST:

E. W. Innes,
Acting Clerk of the Committee.

BIOGRAPHICAL INFORMATION

Waisglass Harry J. Mr. Waisglass has had wide experience in applied social and economic research, as a negotiator, conciliator, mediator and arbitrator in industrial relations, and as a consultant on research, policy planning and socio-economic development. On January 1, 1968, he was appointed Director-General of Research and Development in the Canada Department of Labour. Previously, he served as Research Consultant to the Special Planning Secretariat, Privy Council Office, in Ottawa. He had been Research Director (Canada) for the United Steelworkers of America; Education and Research Director (Canada) for the Amalgamated Clothing Workers of America; Lecturer in Industrial Relations and Senior Research Fellow in the former Industrial Relations Institute, University of Toronto. From 1944 to 1947 he worked in Ottawa as a statistician and researcher for the Department of Labour and the Industrial Production Co-operation Board. In 1963-4 he was an International Labour Office consultant to the Singapore Government and trade unions. Mr. Waisglass has served on the Voluntary Planning Board for Nova Scotia (1964-7); the Financial Advisory Committee of the Ontario Government's Development Agency (1963); the Vocational Advisory Committee of the Toronto Board of Education; and on numerous boards of conciliation and arbitration in labour disputes. He was for many years chairman of the Legislative Committee of the Toronto and District Labour Council and on several committees for the Canadian Labour Congress and the Canadian Welfare Council. He has also had long experience as an officer and board member with local private welfare agencies: the Jewish Vocational Service, the Toronto Rehabilitation Centre, and the North York and Weston Family Service Centre. In Toronto, he had many years of service on boards and committees of the United Community Fund and the Social Planning Council. Born and educated in Toronto, he obtained his Master's Degree in Economics in 1948. Author of *Towards Equitable Income Distribution: Some Social and Economic Considerations for Union Wage Policies*, he has contributed articles to *Canadian Welfare*, *Financial Post*, *Industrial Relations Quarterly Review*, and union periodicals.

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Thursday, May 22, 1969.

The Special Senate Committee on Poverty met this day at 9.30 a.m.

Senator David A. Croll (*Chairman*) in the Chair.

The Chairman: Honourable senators, I call the meeting to order and with your consent I will place the brief on the record. Our witness today is Mr. Harry J. Waisglass. He has had a wide experience in socio-economic research; you will find out more about him from the record when you read it. He is Director-General of Research and Development of the Canadian Department of Labour. He has a very long and distinguished record in labour circles.

Mr. Harry J. Waisglass, Director-General of Research and Development, Canada Department of Labour: Mr. Chairman, honourable senators, it is with some considerable regret that we have not had sufficient time to prepare for presentation the kind of brief which we would like to, with some depth analysis of the problems of poverty, and to show more thoroughly then we have been able to in this very brief presentation some of the implications of the programmes and the activities, the legislation for which our department is responsible, to show how this has a very strong bearing on the poverty problem. I think all we have been able to do in this brief is at least to point out some of the highlights of how the major concerns of the department in the industrial relations field and the setting and administration of employment standards, minimum wages, safety standards and other standards—how these do have a very important bearing on the poverty problem, and at least an amelioration of the problem and perhaps in some ways the prevention of it.

I think a previous witness to this committee, Mr. Chairman, from the Economic Council, pointed out to you in response to one of the questions that the incidence of poverty is considerably lower among the unionized workers than amongst non-union workers,

and in our brief here we have, I think, drawn some attention to some of the reasons why that is so: that the struggle to overcome the problems of poverty involves much more than winning the necessities of life. That is one of the emphases in our brief. It is dealing with the whole human condition, the integrity of the individual. And getting just the basic necessities, food, clothing and shelter, does not enhance the integrity, the dignity, the self-respect, the self-responsibility, the autonomy of the individual. The brief itself presents largely the views of the department as we see them.

Perhaps, Mr. Chairman, it may be of some value at this moment if I were to bring to your attention some of my own personal reflections of some of the basic problems, as I have seen them, and I have thought about them some time ago, of what is involved in the war on poverty. In an article that I had published in the September-October, 1967, issue of *Canadian Welfare*, I pointed out that the war on poverty involves essentially a struggle for the achievement of four ideals, and those ideals are not always consistent and they have to be reconciled in every society.

There is the ideal of charity, there is the ideal of justice, there is the ideal of equity and there is the ideal of love. Each society, I think, in one way or another, struggles towards all of these ideals, and I think the struggle to eliminate poverty, the conditions of poverty in our society, reflects to a large extent how a society wrestles with these four angels, or ideals. And if I may say something about each of these ideals and quote from this particular article, I think you will see how it has, eventually, some very practical bearing, even though it appears maybe a little philosophical, to start with. I think it has some very practical bearing on the consideration of the kind of programme or policy approaches one has to adopt in the struggle against poverty, both from the point of view of private agencies in the welfare field and from the point of view of public agencies, and how the

two might very well in practical ways work together, as they must in a free society.

The ideal of charity is a model for the delivery of direct assistance to meet a person's basic needs, without judging his responsibility for his condition of poverty and without assessing his capabilities to accept such responsibility. Thus, a person should be able to ask for and to get help solely on the basis of a deficiency in his personal resources to satisfy his basic human needs. Charity operates on a notion of non-responsibility. It looks to meet needs.

On the other hand, our ideal of justice contains precepts which are difficult to reconcile with the ideal of charity. Our ideal of justice holds a person responsible for his actions, and it assumes all adults (except those placed in custodial care) to be mature enough to accept this responsibility. The welfare worker finds it difficult to treat his clients as responsible people, especially the long-term clients that fail to demonstrate sufficient pride, initiative, self-reliance and self-respect to take the appropriate actions to remove themselves from their state of welfare dependency. On the other hand, many welfare recipients will resent those actions of the welfare agency, such as vouchers in place of cash, which restrict the areas in which they are allowed to make choices and to exercise responsibility and which threaten their pride and dignity as human beings.

Now, the third ideal, the ideal of equity, is closely related to the ideal of justice, but emphasizes social responsibility rather than individual responsibility. That's a very important distinction. Towards the ideal of equity, our society strives for ideal social and economic relationships—a socially just system of distribution of opportunities, power, incomes and consumption. The equity ideal places on society the responsibility to provide equal access to opportunities for each person to develop his capacities to his own maximum potential. Presumably, when equity is reached, charity and public welfare might become obsolete.

Our fourth ideal, our ideal of love, contains a concept of mutual or reciprocal responsibility, embracing delicately balanced capacities to give and take. Notice in each of these four ideals how we look at responsibility differently. The fourth ideal, the ideal of love, contains the concept of mutual or reciprocal responsibility. To love without being loved—to be loved without loving—is incomplete, and

not the ideal. Ideal love assumes ideal capabilities to decide jointly, to act jointly, and to share responsibilities with others. Now, these are the hallmarks of mature characters, of mature human beings. But first a person must learn to love, respect and be responsible for himself before he is capable of this ideal of mutual responsibility that is the essence of the ideal of love.

The future for public welfare and the future for an effective war on poverty in any society depends on how that society reconciles the apparent incompatibilities and incongruities of its ideals of charity, the ideal of justice, the ideal of equity and the ideal of love. The notions of non-responsibility, individual responsibility, social responsibility, and mutual or reciprocal responsibility. These are the different ideals that have to be reconciled.

Curiously, some of our laws in this country, like our company laws governing business are founded on concepts of impersonal relations and limited liability, and consequently, on impersonal and limited responsibilities. But that's sort of an aside.

I may go on here to take a look at how these concepts have some basic, practical, I think, applications in dealing with what I think is a very urgent problem for both public and private agencies that are concerned with the war on poverty, and I think one of the most critical questions to be asked is: what should or could the public or private agency do to reduce the dependency of its clients upon financial assistance? There is one question which is a very important one: how do you deliver enough financial assistance and, at the same time, how can you help the individual and the family become less and less dependent in order to achieve some of the other ideals that we mentioned?

I don't think there is any simple, universally applicable prescription, but here are some suggested guidelines, I think, that ought to be considered. First, the agency should widen its perceptions of the needs of its clients. To satisfy the basic economic needs of goods and services is necessary, but it is not enough. Other basic human and social needs of clients must also be satisfied, and the agency should help them get access to the specialized helping services offered by other agencies, public and private.

Second: in particular, the agency should recognize the basic human need of clients to be responsible for their own decisions and

acts. Under conditions of near-full employment, most clients are on welfare mainly because they have lacked the opportunities to develop their capacities to make their own decisions and to accept responsibility for their own actions. Their crucial need is to develop these capacities. The decision to apply for welfare is a last resort: there are no alternatives, or they see none. To make decisions is to choose among alternatives. Without alternatives, there are no opportunities to make decisions. Adequate opportunities to decide are essential if one is to learn how to make decisions. So long as the "authorities" continue to make decisions for them, people are denied the opportunity to strengthen their own capabilities.

Third: the lack of self-confidence and motivation, the additional disabilities, and the incapacities to respond to incentives and opportunities, observed among welfare recipients, are some of the symptoms of their basic malaise: underdeveloped capacities to make their own decisions and to accept responsibility for them. They need help to develop these capacities. This involves a rehabilitation approach that is not confined to just physical rehabilitation. To make responsible choices, they need patient, dedicated, skilled help in learning the possible consequences of their actions. Too often, welfare agencies hurt more than they help by giving their clients decisions when they need choices.

The pressures of public welfare caseloads are often frustrating and discouraging. It is extremely difficult to help people who show little inclination to help themselves. As a result, agencies are easily tempted to resort to compulsory rules and methods of persuasion, which may have injurious, disruptive and even destructive consequences. The threat of discontinued assistance has been used to induce the client to "work for relief," or even to submit to the invasion of his privacy by "therapists," "counsellors," or experimenting "researchers." Such threats disrupt the therapeutic process and destroy the morale, human dignity, confidence, self-respect and sense of responsibility of the client. In conquering the client, the agency admits its own defeat.

The Chairman: Yes. What you're saying in effect is that the man on welfare, the poverty-stricken man, isn't making any decisions. Well, he hasn't got a mortgage payment to come due, he hasn't got a life insurance premium due, he probably hasn't got an

annuity. All he's got to make a decision on is food, clothing and shelter, and somebody else is making those decisions. How do you correct that?

Mr. Waisglass: This is what we are suggesting here, that the agency, in its style of delivery of the basic necessities of life, should at the same time deliver them in the way that seeks to enlarge as much as it can his opportunities for making choices or decisions.

The Chairman: But what choices can you give in our present limited approach? What choices does a person who comes for assistance have? What are his choices? It's all laid out for him, isn't it? Has he a choice about anything?

Mr. Waisglass: Well, one has to distinguish the case. In some cases people do not have the capacities for making decisions. There are some cases where giving him the cash and leaving him free to decide what he is going to spend it on may lead to greater suffering than others. I am not saying that this is the general case. There are very few exceptions, but in some cases, with the delivery of the cash, there has to be some other, more effective ways of seeing that people are learning to make their own decisions and to accept responsibilities for them. That means you have to take some risks in some cases.

Senator Carter: I wish you would enlarge on that as it would apply to, say, negative income tax, or something like that.

The Chairman: Guaranteed income.

Senator Carter: How could you apply your philosophy—which I think is excellent?

Mr. Waisglass: First of all, I want to relate this to the points that we are making in our brief. The principles which we are enunciating here, largely for welfare agencies and developing the capacities of people to make their own decisions, are very much related to what is happening in the collective bargaining processes. We are encouraging that, where workers learn to make decisions not only for themselves but to accept and share the responsibility with fellow workers, to be involved. This word "involvement" in decision-making is a word everybody uses nowadays; it has become the "in" thing, but not very many people know what it means.

Senator Carter: I am going to challenge you on that when it comes time for questioning, because I think in most of our strikes that we

have today the workers themselves are not very much involved; the decisions are made by the executives or even by people outside the country.

Mr. Waisglass: Well, I think it is very difficult to prove that. I do not think you can get workers to agree themselves to go out on strike and stay out on strike by the edict of some authoritarian person.

Senator Carter: I agree with that.

Mr. Waisglass: When they do, they are making decisions to give up their income. There is a loss of income involved, and they have to accept some responsibility for that. Any trade union leader who ignores this could not long remain as a trade union leader.

Senator Cook: You say trade union leader. In other words, always a leader. In the case of the poor, unfortunately, you have not got your leaders.

Mr. Waisglass: Now we are getting to the relevance of this thing; the incapacities to organize and be able to work together and making decisions with others. There is a strong feeling among them that they are being pushed around and they have no way of asserting themselves either as individuals or collectively. Now, this is a very important aspect of the war on poverty.

To come back to your question—I was not trying to evade it—my concern about just giving out cash, a guaranteed annual income, is, largely, what would this do, really, to enhance the state of dependency? Another point that we made in our brief was that the approaches to dealing with one cause of poverty that is being followed in Canada, notably dealing with industrial accidents, of combining with the income maintenance approach emphasis on prevention and rehabilitation is an important model to be followed and to be considered in any particular war on poverty.

Now, how you can, with the income maintenance approach that is being advanced by a lot of thinkers—whom I respect, and I think this point is a very important problem, and what I am saying is not arguing against the negative income tax or income maintenance support—really, what I am arguing is, to be effective in the war on poverty, one has to be able to combine in an effective way preventive measures and therapeutic or rehabilitative measures with income maintenance measures.

Senator Carter: My question is, how can you do that with negative income tax? How can you combine these therapeutic measures and all that? If you give them negative income tax, to have an opportunity to make choices, to make decisions, that goes with it, but about all these other things that you are talking about I do not see how. As Senator Croll said, their basic decisions are for food, shelter and clothing.

The Chairman: None of us here is talking of guaranteed income in isolation. Senator Carter asked you the question, but it is never that and that alone. What we have been talking about here is the guaranteed income plus services and attitude. Now, services include employment services, other services, a great number of services. There is no suggestion made in anything I have read on the subject in the Americas that has ever had it in isolation. Family allowance is not even in isolation.

Mr. Waisglass: Well, I have in the literature that I have read on negative income tax found this largely a problem that was ignored, with the question of income maintenance largely being dealt with separately. The assumption is that if you give people enough money to buy the necessities of life all the problems largely will be solved.

The Chairman: That is not our attitude here at all.

Mr. Waisglass: This is the basic assumption that I have seen in a lot of thinking about...

The Chairman: That is not the attitude of the committee.

Mr. Waisglass: I am not suggesting that it is.

The Chairman: Furthermore, I do not agree with your assumption that that is the attitude of the American people who are advocating a guaranteed income or negative income tax. They are advocating more than that. What they are saying is: start with money. That they need, and from there on we have got other services to give them.

Senator Fournier: What guideline have your welfare people to determine the basic necessities of life? They must have something.

Mr. Waisglass: Well, that is a very critical question that I have been concerned with for some time and I know a number of other

people have been concerned with. The last report of the Economic Council, particularly, has pointed to the problem of how to objectively measure the income that is required in order to be able to draw the line between poverty and non-poverty. This is a very difficult thing to do, but I am not satisfied that any really satisfactory measures have yet been found, particularly in Canada. A lot of the figures we have used are very arbitrary figures, and there is a good deal of research that has to be done in order to determine what are the components of the minimum standard of living, or an adequate standard of living, and how would you define it. There are some very basic conceptual, methodological problems, but particularly conceptual problems, that cannot necessarily be solved by research alone.

The concept of a poverty level of living is one that has to reflect to a large extent social values and social judgments. What you think in our society would be included as a necessity of life would be quite different from what it would be somewhere in South-East Asia, in the Philippines or in Pakistan.

Senator Fournier: We are talking about Canada. But do you not think—this is my last question, and then we will go on—do you not think that before we can do something, those are the basic rules that should be established? I want to be practical. At this moment your social workers will go, men and women, qualified or unqualified, and issue an order for \$40 for welfare. She will move to the next house and issue an order for \$25, she moves to the third one and issues an order for \$50. That goes on. How does she arrive at these decisions? Has she got a table or a formula, or is it just a question of judgment? I know you have not got it. You will have to tell me. Nobody has it. But if we are going to achieve anything, these are the first letters of the alphabet which we will have to work on some day. This is all I have to say for the moment.

Mr. Waisglass: I just want to point out that this is not just a problem with Canada. In the United States just within the last couple of months they came out with this publication on three standards of living for urban families of four persons. This is an attempt to measure what are their minimum requirements of three different standards of living. And even the lowest standard of living of these three studies produced by the U.S. Department of Labour, Bureau of Labour Sta-

tistics, came up with an income requirement that is much higher than anything that has previously been considered as a minimum required for poverty.

So you have got three different views about standards of living here, and you have got many more different views of the measured, quantified minimum income standard. What are you going to choose? It is the same problem the Economic Council confronted.

Senator Fournier: I would ask our Chairman if it would be possible for the members to have copies of the book some time?

Mr. Waisglass: I can file this with you; it is produced by the U.S. Department of Labour.

The Chairman: We will send for it.

Senator McGrand: This is not a question. Preventive and therapeutic measures. Now, as you go along, would you outline—because those are very indefinite terms, preventive and therapeutic measures—would you outline what you mean as you go on.

The Chairman: I will mark it down, therapeutic measures. By the way, I want to make one correction to what I said. You are quite right when you suggest that one man in the Senates, quite an outstanding man, Friedman of Chicago University, is advocating a guaranteed income and doing away with all other welfare measures. He is the most conservative of conservatives in the broad sense of the economists, but he is the only one. I want to correct that. Now, let us get to something a little closer to home. You speak in your brief about minimum wages and pricing jobs out of the market, and you give us some tables. All of us around this table, from time immemorial, have heard the cry "If you raise the minimum wage you will put the people out of work," or "You will have the product so that no one will be able to produce it and market it." Has that been our experience?

Mr. Waisglass: Well, you see by the tables we presented here that has not been the experience. If you look particularly at Table 3, Appendix C, "Employment in Establishments Under Federal Jurisdiction," you will note that the minimum wage of \$1.25 in the federal jurisdiction industries was established in 1965. We have there the employment figures by province and for the country as a whole. This is the employment only in industries under federal jurisdiction that would be affected by the \$1.25 an hour.

The Chairman: Federal jurisdiction is transport?

Mr. Waisglass: Yes.

The Chairman: Federal jurisdiction is what?

Senator Carter: On Appendix E, I think.

The Chairman: Just give it to us for the record.

Mr. Waisglass: Well, the industries on the next page are listed. You will see them on Page 5 of Appendix E, but in more specific terms. I think a copy of this was listed with you.

The Chairman: All right, go ahead, under Federal Jurisdiction.

Mr. Waisglass: Industries under federal jurisdiction—and I go back now to Appendix C, and you will see that there has not been any reduction in employment that we can see as a consequence; that is, in the industries affected here, as a consequence of the \$1.25 minimum wage, and in some cases probably you might find a reduction that was temporary.

You will notice in Ontario in 1965 employment was a little over 139,500, and in 1966 it was 137,500. But then it quickly rose in 1967 to 147,500, then 151,000 in 1968. So that there was some loss of employment that was very temporary, it appears, and the adjustments were very quickly made.

For Canada as a whole, in industries under our jurisdiction, the employment in 1965 was shown as approximately 382,000, and in 1968 it has increased to 436,800. So the prima facie evidence does not indicate that there has been any serious consequence upon employment as a result of setting the minimum wage at \$1.25.

Now, I should point out that that does not mean that you could set the minimum wage at any level without having some consequences on employment. The consequences on employment might have been much greater if we had set it at that time, say, at \$3.00 an hour.

The Chairman: Let us take a man with five children. This is a good Canadian citizen, and working for you in Toronto.

Mr. Waisglass: That is not a typical-sized family.

The Chairman: All right, let us have four. What is typical? Three and a half?

Mr. Waisglass: Two and a half.

The Chairman: Three? Let us have three.

Mr. Waisglass: It varies across the country.

The Chairman: All right, we will give you three children in Toronto. He is working at a minimum wage of \$1.25. How much money does he make in a week when he is working five days a week? That is the normal time in Toronto.

Mr. Waisglass: Forty-hour week given under the Act?

The Chairman: He has \$50 a week in Toronto, Montreal, in Vancouver, Winnipeg, any of those large cities.

Mr. Waisglass: Your question is already quite obvious.

The Chairman: Yes, all right, go ahead and answer it.

Mr. Waisglass: Certainly a man cannot sustain himself and a family of two or even three, certainly three children, not even two perhaps, on \$50 a week at anything that would be accepted in Toronto as a decent standard of living and maintain himself and his family in dignity and self-respect as a working man should. But there are still a lot of people who are working in industries not only under federal jurisdiction but provincial jurisdiction who are not making much more than that.

The Chairman: Well, then, tell me why the grain elevators and the grain milling people are permitted to pay less than the minimum wage to the extent that you indicate in Table 1.

Mr. Waisglass: Well, there has been the problem there in . . .

The Chairman: Well, you can also include railway hotels.

Senator Carter: Could I ask about railway hotels? They went from 905 to 58, and went from 58 . .

The Chairman: What table are you talking about?

Senator Carter: Railway hotels on Appendix A, Table 1. Then in May there was none. Then in 1967 you come back to 7.2. You go from 59 per cent to nothing and then you go to 7.2. Where are tips? Do tips enter in there, or is that regardless of tips?

Mr. Waisglass: No, this is the wage rate that is paid by the employer.

Senator Carter: And is that a measure of how much the railway hotel employees depend on tips?

Mr. Waisglass: Well, no, there is no indication there as to what their income would be from tips, or gratuities, as far as I know. But in June, 1967, this Table 1 does indicate that there were still some employees in the total federal jurisdiction—there are still over 3,000 workers who are at .7 per cent of the total who were not yet up to the \$1.25 minimum, and the reason for that, is that there are some cases of employees handicapped or physically disabled people, or young people—there are cases where the Act allows for some particular exemption.

On the point of the grain elevators, there is a question there—that appears to be one of the largest groups that are difficult, and I am informed a good many of them are in the province of Quebec, where the grain elevators have not accepted federal jurisdiction, and there is a problem still of getting them to accept and to agree to comply with federal law on the grain elevators. That is where a large number of them are.

Senator Cook: Men and women?

Mr. Waisglass: This would cover men and women, yes, and youths.

Senator Cook: And special cases, you say, the handicapped?

Mr. Waisglass: Yes, some of the people who might be excluded would be for special personal reasons where the employer might have been given some particular exemptions under the administration of the Act.

Mr. Carter: But how do you explain—just going back to the hotels—when the minimum wage went in apparently everybody got the minimum wage for that following year, but then when you come to the next year, in 1967, 7.2 of them are still below the minimum wage?

Mr. Waisglass: 156 employees. I do not have...

Mr. Carter: How can they be below the minimum wage if the minimum wage applies under federal jurisdiction?

The Chairman: Of course, what he said, Senator Carter, was that they set a special

allowance, for instance for the handicapped. They would be exempt, or youth in apprenticeship. There would be some exemptions; that is what he suggested.

Senator Carter: Oh, I thought he was talking about the .7 percent below that. I did not understand that he related that to the 7.2 percent in hotels.

Mr. Waisglass: There is a possibility that some employers may not be complying with the Act, and there is still a problem getting at them. In the 1968 figures we presume that when we get those figures it will show there will be a much greater degree of compliance.

Senator Carter: Well, they must have all complied the year before in the railway hotels.

Mr. Waisglass: It may have been they did not respond to our questionnaires, that we did not have the information.

The Chairman: Yes, but questionnaire or not, the man who is working in the hotel, or the woman who is working in the hotel, has a pretty good idea of what he or she is entitled to get. How do you get away from not paying it? How do the railway hotels get away from not paying it?

Senator Carter: That is what I want to get at. That is my point.

Mr. Waisglass: Well, that is a question we will have to put to the people who are responsible for administering that Act.

The Chairman: We realize that.

Mr. Waisglass: We will make a note of that on the railway hotels.

The Chairman: By the way, just to call the attention of the committee if they would take a look at Table 1 you will see that banking in 1965 had 23 percent of employees earning less than \$1.25 before application of the minimum wage, which is now almost completely above the \$1.25 minimum. I have not heard of any bankers being put out of business, or any less profit.

Mr. Waisglass: It is also significant, Mr. Senator, that this is one of the least unionized industries in the federal jurisdiction, and this is where the establishment of the minimum wage had the greatest impact. Also, I think that it would not be improper for me to point out that since this minimum wage was established, and 23.5 percent of people

who were getting less than \$1.25 are now getting \$1.25 or more, raised the wage levels of the banking industry, it may be of some significance to point out it has not had any adverse effect on the profits of the banks.

The Chairman: Not only that but the banks have even gone further, to be fair with them. They are today in a competitive labour field and have gone far beyond the minimum to maintain their staffs. They were in that position in 1965, just four years ago, but the Department of Labour at that time did nothing to push them.

Mr. Waisglass: Oh, I do not think that is fair, Mr. Senator, to say the Department of Labour did nothing. The Department of Labour, through the Minister of Labour, did introduce a bill at that time to establish the \$1.25 minimum that became effective in 1965.

The Chairman: It was only on the coming in of the bill.

Mr. Waisglass: The bill became effective July 1st, 1965. We are showing what it was before that bill was effective, and the bill was directed at really correcting this kind of situation, and these figures show that it was successful in doing so.

The Chairman: I will take a correction on that.

Senator O'Leary: That is where you made your speech, Senator Croll.

Mr. Waisglass: I thought that was going to help us.

Senator Fournier: I still have the same question: why was it not done before?

The Chairman: Of course, it was not done before for various reasons, but has been corrected since. Now, let us get on with our questions. You also, on Page 8, talked about a more equitable distribution of rising national income. What did you have in mind as far as the distribution of it is concerned?

Mr. Waisglass: Well, by raising the floor, by bringing the people up from the lowest levels up to a more acceptable level, this has the effect of reducing the wide spread in incomes. And while the impact admittedly is not a great one, it does mitigate to some extent the inequity of the distribution of incomes which, prior to the passing of the minimum wage, was to the disadvantage of the low skilled and the poor.

The Chairman: Well, I am trying to activate questions here. I hear time and again that we need greater productivity, that we are not getting greater productivity, and consequently we are not able to pay better wages. Consequently our position on the export market and on the domestic market is to some extent aggravated. It is my personal view—and you correct me—that in the majority of instances the lack of productivity or increased productivity is due to management rather than labour.

Mr. Waisglass: I would not quarrel with that as far as certain industries are concerned, but the productivity is also a personal consideration. A person who lacks the necessary skill or training, a person who has no skill, no trade, no profession, is not going to be as productive as someone who has undergone a great deal of training. In other words, there is a certain amount of capital that is invested in a human being who has gone through an apprenticeship system so he can learn a trade, and one of the deficiencies of the poor people and the unskilled people in the labour market is that they have not got that human capital that has been invested in some other people; and if you can invest them with this kind of capital that comes from education and training, they could acquire these particular skills or trades or professions, presumably the productivity would rise and they would be able to command, therefore, a higher income. So that I would not say that productivity is entirely a matter of management.

I think it is also important to give some degree of emphasis, which we are giving in this country, to the manpower and training programmes which are really designed to put this kind of investment into the human capital in developing the skills of people where they could improve their own personal productivity and command higher income.

The Chairman: Senator Cook?

Senator Cook: On this minimum wage in which I am very interested, I notice in Appendix F that the only province which is higher than the federal is Ontario at \$1.30.

Mr. Waisglass: That has been only a recent event.

Senator Cook: I notice it is \$1.30. And in one case in Quebec I think it is equal, too, is it not? The woodworking class in Quebec is

\$1.30 an hour. Most of the other provinces are below. Do you find that when the federal jurisdiction increases the minimum wage, the provinces have a tendency to follow in due course, not necessarily to catch up, but to increase their minimum?

Mr. Waisglass: This is what we found has happened. We have found that in 1966, when the federal minimum wage was established at \$1.25, it was at that time far in advance of many of the provinces. It has had, we believe, an effect of encouraging the provinces to bring their minimums up to the extent that they are capable of doing so.

Senator Cook: Is there much consultation or co-operation in the administration of the Minimum Wage Act between the provinces and the federal jurisdiction?

Mr. Waisglass: I would say, Mr. Senator, that we are very pleased that there is a very high degree of collaboration I would say to a large part Informal consultation and exchanges of experiences with all departments of labour in this country, largely through the Canadian Association of Administrators of Labour Legislation. And the deputy ministers of labour, federal and provincial, meet quite frequently, and there is a number of subcommittees of that association dealing with several matters of concern to the departments of labour, and exchange experiences.

To a large degree it is informal, but there is a good deal that is formal as well. There is a good deal of work that has been done in the past few years in the safety areas, trying to establish safety standards, like for boiler inspection; that would be uniform in all of the jurisdictions, and effective as well as formal collaboration.

Senator Cook: And when the federal government sets a lead, there is a tendency for these provinces to follow along?

Mr. Waisglass: Yes. I cannot say that we have always been in a leadership position, but I think that in recent years we have given fairly good, positive leadership in the standards field.

Senator Cook: Following the chairman's remarks, the tables attached to the brief from the Economic Council of Canada showed very clearly that the largest incidence of poverty among the working people was amongst the non-unionized workers who would benefit from the minimum wage.

Mr. Waisglass: That is right. As we have shown here, the industries where the minimum wage has had the greatest impact were industries that were the least organized.

The Chairman: Take a look at Table 4. If what Senator Cook said and what you just confirmed, that the poverty-stricken are not found among the unionized workers, that is our...

Mr. Waisglass: I would not say there are not any poor among the unionized workers.

The Chairman: In the main.

Mr. Waisglass: In the main.

The Chairman: Well, the very minimum, not in the main, the minimum. Then, how do you explain that in 1967 only the percentages that appear of the federal employees were unionized? Where were the rest of them?

Mr. Waisglass: That is a pretty good question.

The Chairman: We are asking good questions.

Mr. Waisglass: That is a good one. I think that you should also note, though, that the incidence of union membership is much higher in the federal jurisdiction than it is in the provincial jurisdiction.

The Chairman: Where are the provincial jurisdiction figures or percentages?

Mr. Waisglass: I would refer you to the 1968 report on Labour Organization in Canada, Table 1; union membership as a percentage of non-agricultural paid workers.

The Chairman: That is the same thing.

Mr. Waisglass: It is not really the same thing, but it is approximate. In 1968, 33.1 percent of non-agricultural paid workers in Canada were union members. That includes federal and provincial jurisdictions. In all jurisdictions in Canada, federal and provincial, 33.1 percent of paid workers were union members. Now, if you think that is bad, you go back a few years, not too far, and, say, in 1944 it was only 24.3 per cent, and you go back further to, say, 1929 and 1930, and it was only about 12, 13 percent. So that there has been a growth, and this is an important thing to consider.

The Chairman: In the days when you get back to the 12 percent I would give you the answer to that. In those days we had to fight for collective bargaining rights.

Mr. Waisglass: Right. The message is in our brief, Mr. Senator.

The Chairman: I know, but here we have the right, and we have had it for some years. In federal jurisdictions only about half of them in the main are unionized. Senator Carter?

Senator Carter: I draw to your attention that Newfoundland has...

The Chairman: Yes, but Newfoundland slipped since you came into the Senate. It went from 73 to 69, Chester.

Mr. Waisglass: But I think that some indication of that is given on the next table on page 5, when you take a look at it, by industry. Some industries apparently have not lent themselves, for whatever reasons, I am not prepared to say, or I really do not know at this time why some industries have not been as highly organized as others. You notice in rail transportation it is 83.4 percent.

Senator Carter: There are several federal Crown corporations with only 42 percent.

The Chairman: But take a look at radio and television. I marked that off as being surprising.

Mr. Waisglass: Well, there may be some explanation for this. Not all employees are eligible for inclusion in bargaining units. For one thing, the law excludes certain categories of employees. Those who are in managerial positions, those who are in so-called confidential-nature of employment, professional employees are excluded, and managerial employees are excluded from collective bargaining provisions. A worker, once he becomes a foreman, gets out of the bargaining unit, but he is still an employee.

The Chairman: That is true in the Ford factory, it is true across the Rideau Canal in the pulp factory, but why should radio and television have such a low incidence of organization, this tells me that the wages in that industry are low for those smaller people.

Senator Cook: Of course, in view of what has just been said, the table is not so correct because it should be a percentage of eligible employees.

The Chairman: That is what you mean?

Mr. Waisglass: No, we could not do it that way. It was not possible to get statistics of

employment of each employer, to report to us how many employees he would have in his establishment who are eligible for a union. He would want to say none, in many cases, but you could not really collect your statistics on that basis. But take a look at rail transportation where we have the highest percentage, 83.4 in 1967; considering the employees that are excluded from collective bargaining rights, I do not think one can really get much higher than that.

Senator Cook: So really that effect would be almost 100 percent of eligible employees.

Mr. Waisglass: It would be very close. Now, there may be some employees—I do not know what the conditions are there—but there may be some employees who fall between stools of organization, so that none of them have really got them. But if a union found out where they are, one of them would be after them before long, I imagine.

Senator Carter: You might find an explanation to the railway hotels there, because they have got from 87, 88, practically down to 63, and at the same time the number getting less than the minimum wage has crept up to 7 percent again from nothing.

Mr. Waisglass: Well, that is a good point, Mr. Senator.

Senator Carter: In 1966 you had practically 88 percent, which you said is practically complete, you cannot get much higher than that, but then in 1967 you are down to 63, and as you go down to 63 percent covered by collective agreements, the percentage getting less than the minimum wage has gone up.

Senator Fergusson: May I ask a question while we are discussing these tables. On Appendix F I gather that the minimum wage rates are the same for men and women in the federal legislation?

Mr. Waisglass: Yes.

Senator Fergusson: And in some of the provinces there is a difference in discrimination against women, and in some of the others there is not. Could you tell me if the provinces that now do not have any discrimination against women in this area originally had in their early legislation and have changed?

Mr. Waisglass: Well, I could refer you to a study that is put out annually on labour standards in Canada by our legislation branch of the Department of Labour. This is the

December 1967 issue. There are earlier issues. And it would be possible for our branch to trace through what has been the historical experience here. I would say that our department has been doing whatever it possibly could in the framework of federal jurisdiction by persuasion and consultations to try to get the provinces to agree as soon as we possibly could to conform with the requirements of the ILO Convention dealing with fair or equal remuneration for females in employment.

Senator Fergusson: Have you any idea why it should be the provinces in the Atlantic region that make this discrimination?

Mr. Waisglass: Well, that is very difficult to say. Perhaps in some areas, such as Newfoundland, there are so very few job opportunities available for women. Competition for jobs is probably very severe. That might have been a factor that they considered. But if you think it is bad here now in terms of the differences, and in reply to the question earlier about what effect have federal minimums had on provincial minimums, you notice, just for example in Newfoundland, where it is now \$1.10 for men and .85c for women in just December, 1967, this report shows just a little over a year earlier that the minimum then was .50c for women and .70c for men. So that we think it has had an effect, and it is just a very few years of bringing the minimums up; even though they are still not close enough to the federal minimum of \$1.25, they still moved a long way towards it.

Senator Cook: Did they not just have a Royal Commission on that in Newfoundland?

Mr. Waisglass: I do not recall. There is a Royal Commission that has been established, the Rand Commission...

Senator Cook: Oh, no, I mean under Mr. Justice Higgins, I think they had one.

Senator O'Leary: Leaving the tables for a moment and going to Page 8, where you speak of the humanitarian considerations that must be thought about when setting up minimum wage laws, these facts are often forgotten by many people who scream loudly about the minimum wage laws being too low, the physically handicapped, the culturally deprived, the illiterate, and so on. Then you go on to say that of course these people should not have to choose between work and welfare when they cannot get an adequate income from either. Now, is it your experi-

ence that this is happening, that they do have to choose between, for example, this minimum wage or welfare? Assuming that at a certain stage they are on welfare and then they get a job where they are getting just the minimum wage, what actually happens to their income? Is it improved at the present time, in your experience?

Mr. Waisglass: Well, since I have been here in an administrative position in the federal service over the last year, my contacts with people in the front line of poverty have been rather limited, so I cannot speak from very recent experience of, say, over the last year or year and a half. But from reports I have had from people who still work in the field and talking to them, I have the impression that in most jurisdictions, provincial and municipal, this condition still prevailed, that a woman who is a widow, or has a disabled husband, who has to live on welfare and is struggling to get by to feed her children and dress them well to go to school, tries to get a part-time job in order to supplement it, and she finds that even if she is struggling against all kinds of odds, to get somebody to look after the children, and to get out to work, only to find if she goes out to make a few bucks, it is only taken off her welfare, it discourages her to try to improve her condition. There are too many instances of this, and this is one of the problems that I draw to your attention.

Senator O'Leary: You are just referring to the part-time job; I am thinking of the full-time job.

Mr. Waisglass: Well, the real problem, though, for married women with children, and particularly those who are heads of families, is that they should be able to do two jobs. They should be able to look after their children. There are a good many people in poverty who face this, and I think, if you will excuse me, I would like to spend a few minutes on this problem. They should be able to look after their children too, as well as get welfare and have earned income, to combine the two, to be able to combine two careers as a mother and as a worker, to be able to combine income from welfare and be able to combine income from employment.

But the whole structure and organization in our society militates very strongly against this. For one thing, employers generally in our country have personnel policies, hiring

policies, where the whole structure is directed towards hiring only full-time workers. We find that in the retail trade—and I refer you to a study that our department has just recently published on part-time employment in retail trade—there is some movement now to make part-time work available to women, particularly to married women, and that is fairly important to them. But for those married women who are on welfare, and have to be on welfare, even though these opportunities might be there for jobs, it is rare to find employment opportunity for a married woman who needs part-time work. She finds if she does exercise initiative and tries to get out and do something about that she will lose out on welfare.

Senator O'Leary: May I continue this?

Mr. Waisglass: Now, there is a practical application of some principles I was trying to enunciate at the beginning of encouraging people to do things to help themselves.

Senator O'Leary: Yes, I just want to see how practical it is. This is the point I want to try to get at. What difference does it make to these people what the minimum wage rate is? They are going to get the difference between that and welfare anyway, and they go to work and they are just going to get the difference. Their cheque is reduced by the amount that they receive from employment. And usually this is the case, is it not?

Mr. Waisglass: Yes, in some jurisdictions in North America if a person works at all he is no longer eligible for welfare.

Senator O'Leary: In other words, the hypothetical or perhaps the actual example, if you take it in Ottawa today, is that if you could find one of these individuals who is working for \$50 a week, they could stay on welfare and get \$75 a week. This is the point I was talking about.

Mr. Waisglass: Well, if the implication to your question is that the welfare is too high...

The Chairman: No, no, that is not...

Senator O'Leary: I am wondering, by working part-time or working at all, is the income of these people, their actual income, improved? Is their standard of living improved any? What incentive do they have to work?

Mr. Waisglass: This is the guts of the question, that there is no incentive in many cases.

Senator O'Leary: Well, what does it matter about the minimum wage law to these people, then?

Mr. Waisglass: I understand that in a lot of communities in Ontario the welfare people would cut them off welfare or reduce their welfare receipts if they go out to work. There may in some cases be some serious gaps between theory and practice in this country. Under the Canada Assistance Plan, my understanding is that the federal legislation of the Canada Assistance Plan allows the provincial and the municipal jurisdictions who are administering this problem to supplement earned income with income under the Canada Assistance Plan, which the federal government pays 50 percent, in order to bring the families up to the level of need.

There are some cases where that is not done, and there are some problems there of how much more above what the welfare will allow could a person be allowed to earn in order to improve his level of living. It is a problem which has been faced by the administration of Unemployment Insurance. For instance, you can draw unemployment insurance and still work up to a certain level to supplement your income to a certain extent so that you do not have to be completely dependent on unemployment insurance.

Senator O'Leary: Well, that is a little bit easier than welfare.

Mr. Waisglass: The same kind of principles could be applied in the administration of welfare.

Senator O'Leary: All I am saying is that at present they are not, generally.

Mr. Waisglass: But they should be very critically re-examined to see that there is some incentive and some encouragement for people who are dependent upon welfare or public assistance to be able to improve their condition. In the long run, if you look at this as a question of cost-consciousness, I see this could be a cost-saving device, because it is like priming the pump. Once people could be able to work, get started, get up, then it opens an escape hatch for them to get into employment, to develop skills and confidence and the kind of work habits where they could enhance their earnings to the point that they could possibly escape from this, if not com-

pletely at least, to a larger extent than they can now.

Senator McGrand: Were you thinking of that when you talked of preventive and therapeutic measures? Would that be a therapeutic measure?

Senator O'Leary: This is the doctor speaking.

Mr. Waisglass: Yes, I would regard that as a therapeutic approach, yes.

Senator Fergusson: But you must do a great deal of education on the public before this is acceptable. The people who pay the taxes do not see this. How are we going to educate them to see it?

The Chairman: We are trying to find some method of facing up these problems here. Perhaps the public will get the benefit of these various discussions.

Senator Carter: Senator Fergusson really touched on what I was thinking about, because if you go to provincial budgets, welfare is a provincial responsibility, and one of the heaviest items in even the richest province—and in the poorest provinces it is a bigger percentage—is what they spend on welfare. So the money is not there, to begin with. And then Senator Fergusson says you are up against public attitudes. If they see a person working and getting welfare, they say "What a fool am I to work and get less." I do not quite see how we go about attacking that problem, and what is the best way to attack this, to improve the public attitude. Can it be done at all?

Mr. Waisglass: Well, it is just a matter of fundamental faith that people do learn from their experiences. I think we have gone a long way in public attitudes. I think we still have a long way to go, because we are still suffering from the shackles of antiquated attitudes of charity.

Senator Carter: Yes, but when you are talking about abstract things like that, have we not got to somewhere have some experiment where we can produce concrete results that this is a good thing, it is not a bad thing for a person to work and get welfare, even though it may seem so to the taxpayer who is probably not as well off or probably is not as well off working as a person is who is working and getting welfare? Somehow we have got to produce some evidence, I think, before

we can think about sharing—ministers and preachers have been talking about that a couple of thousand years; I do not think anything we talk about is going to make much difference. But I think we should have some concrete example, where we could say: here it is, we have proved it. I think some projects like that must be undertaken if we are going to really make an attack on that, which I consider a psychological problem.

The Chairman: Well, Senator Carter, he mentioned the case of the female head of family. We are certainly going to have a study on that; we are trying to collect some staff to study that. The other portion is, of course, the working poor, a fellow who is drawing the minimum wage, whatever he is. Now, the question of supplement is raised, how do we supplement him if he is a family man. We started out, of course, on the theory that we could do that through family allowance. Well, nobody believes that any more.

Senator Carter: Well, I think one of the advantages of this guaranteed income or negative tax—whatever you want to call it—is that it wipes out this distinction. Everybody gets it, no matter whether he is working or not, and you do not have a fellow who is working and not getting welfare looking at the other fellow who is working and getting welfare. You wipe out that distinction completely.

The Chairman: You had a memorandum, I think yesterday, indicating that two of our staff are over in the United States studying their experience, and they will come back and tell us all about that. But that is the core of the problem, as O'Leary put the question and as you put the question, and as we have had to face it many times, the man who has been working all his life and continues working and drawing a little above the minimum, and his neighbour next door who has not got a job and is drawing equally as much from the welfare department. How is that reconciled? It is hoped that this committee can come up with some idea whereby we forget the word "welfare". Whether we would be able to do that or not, I do not know.

Mr. Waisglass: I might say there have been some experiments in the last decade of working with the poor people that you have already heard, I am sure, a great deal about, and probably you would hear more about it. The experiments, I think, took place largely

in trying to help the developing countries, the poor countries, and now we find that what has been learned in those experiences is being applied in this country in some of the poor neighbourhoods. We have the experience down in the Gaspé area in community development work, in St. Henri and other districts of Montreal, and there have been some more recent experiences, probably not as successful as the Montreal experiments, in Vancouver, with the social planning councils there, of getting the poor people, neighbourhood people, involved in planning and how to cope with their own environment to solve some of their own problems. There is much in this area of experience—

Senator Carter: Would you just stop there? When you say getting the poor people involved, do you not really mean getting the community involved in which they live? I do not see how you can segregate the poor.

Mr. Waisglass: Getting away from the ghettoization of the poor so that they work together with people in the community, yes.

Senator Carter: If anything is going to be done on a community scale, I would say you have to get these poor people working within the framework of the community.

Mr. Waisglass: Mr. Senator, some of the worst problems in poverty, the worst manifestations of poverty, I have seen in public housing projects—and I will not name the ones I saw—and the worst problems these people have: they are given housing and they are given minimum incomes, and the worst kind of problem is that they cannot face, they could not solve any problems themselves, and their incapacity to organize themselves into a social organization. If somebody would try to come up from the outside, like a neighbouring district in a church, to try to organize a cub pack for them, you would have difficulty getting the parents involved in doing these things and taking over responsibility for themselves. But to be able to organize for themselves in this kind of action and do things for themselves, no matter how small, is a very, very important thing.

There are very strong parallels, I want to point out, in what is being done in this community development work, with what has been done and what we have learned over the past century in the experience of union organizations towards collective bargaining. It is a constructive, positive approach. In the

early history of the union movement, early efforts to organize were very anarchistic, there were no stable or permanent unions formed; it was a reaction with a particular and limited purpose. You see this kind of manifestation now amongst the poor people and other people who revolt against conditions. But the community development work is now carrying them into a more permanent, stable phase, much like the constructive kind of approach that unions evolve when they reach the stage where they establish themselves as permanent organizations and are looking for collective agreements, evolving beyond the frustrations and anarchy of rebellion, to try to solve the problem.

Now, I saw something encouraging in a recent issue of the Canadian Labour Congress Journal that the unions recently underwrote the cost of a community development project among the Indians in the Red Lake district of north-western Ontario, with some tremendous results. Now, take a look at the methods and achievements of that professional social worker, community development worker, graduate of the University of Toronto. They send him in there to work with these people, and what he really did was help them help themselves, get them to think, to organize themselves, to build a skating rink for themselves, for their kids. That is the kind of experience, to be able to do something for themselves and for their community, no matter how small. This is the therapy. There is nothing that makes for success like success, to be able to help these people to organize themselves effectively, to be able to do something for themselves.

In other areas amongst the Indian population some of the most effective things that I have seen done is through this community development approach work. The community learns to be able to do something to improve its sanitation and health problems. The community has this kind of responsibility, not just somebody coming in and doing it for them, but doing it with them.

Senator Carter: But you are talking about a community when you are talking about the Indians.

Senator Cook: Excuse me, you are diagnosing the problem. Now, whether you call him a priest or a clergyman, a boy scout leader, a girl guide leader or social worker, there must be somebody from outside to go in. Given the level of education and the condition in which so many of these poor people find themselves

they cannot do it themselves, and yet everybody criticizes the social worker—I do not mean you particularly, but the social worker and the girl guide and boy scout and clergyman. These are the ones who can do it.

Mr. Waisglass: Yes, that is the point. But the important thing is, in this modern era they have to learn these new approaches, and if there is any hope for the public to learn something from this, I think it is from the kind of approach where it is not doing things for the poor. That is important.

Now, we have outgrown in this modern civilization that kind of approach of charity, because it does not really solve any basic problems. It papers them over. While that is necessary, it is not enough. We have reached the stage where we have got to move ahead and it is only when the public themselves can learn something from this kind of experience, and where we are really having our successes and learning from our successes, that we can give this wider application.

The important point to make here is what is proven to be successful, the essential principles of what has been proven successful in the union movement—it is not just somebody coming along and solving problems for them—the essential things are that the workers get to learn how to organize themselves and take actions together and accept responsibility to each other and to the employer under a collective agreement.

Senator Cook: If they have good leadership they are successful, and if they have not got good leadership, the union is not successful.

Mr. Waisglass: That is a very good point and something to learn from; to get good, democratic, responsible leaders, and the good leader is one who helps his constituents solve their own problems.

Senator Carter: Can I comment here, Mr. Chairman? If you remember our last meeting on Tuesday, we had Mr. Saulnier who went down to Quebec, and he told us that when they went in to organize, all the leaders were eliminated, they would not have them, because, going into these poor communities, they found that the only person in that community who was prosperous was the leader. He was the only prosperous one. All the others were working to make him prosperous. And so they had to abandon all the leaders and start afresh and try to develop new leaders out of this downtrodden group. How

does that square with what you are telling us now?

Senator McGrand: You are taking two different angles.

The Chairman: No, no, not only that, but Saulnier added something else. What they did in that lower part of the Gaspé was very successful.

Mr. Waisglass: Well, I should say this experience that you pointed out that they had in community development work in the Gaspé, of trying to develop a new leadership, is not unlike the kind of experiences they have also had in the trade union movement as well. I know in the early days when the CIO came into Canada and the United States, the steelworkers, for example, had what they called company or employee-dominated unions, and they had their leaders, and the advent of the union movement helped them to develop their own leadership and a new leadership. The emphasis in the trade union movement, to a large extent, is on development of leadership, and the Canadian and American labour movements spend a great deal of their resources in the training and the development of leadership, and from this kind of experience again it has application in the field of community development work. In the developing countries, the international agencies are doing work in that field, and the emphasis there is to develop leaders in various fields—indigenous leaders. This is a very important aspect, and I think that before you can expect very substantial advances in this field, you have to be able, through this community development approach, to help people develop leadership skills. This is what the approach is of the Canadian Labour Congress in that project I mentioned in north-western Ontario.

The ideal is that that community development worker would be able to leave there at a point and these people would be able to carry on and solve a lot of these problems for themselves.

Senator Fournier: How long has it been up there? Have there been any results yet?

Mr. Waisglass: Less than a year. There is steady progress, from what I can see, in the Red Lake area.

The Chairman: Yes, but are you not saying this—and this makes me very uncomfortable—you and the young Canadians are saying

that we have got to have leaders in this country, we have got to find people who can lead us who have poverty experience. You keep saying that, but the last thing in the world we want to grow in this country are people who are experts in poverty. The purpose is to eliminate it, its incidence and causes.

Mr. Waisglass: But how do you eliminate poverty? You have people coming along on nice white chargers and lancers and going in and solving these problems for them, or do you have to really develop a grass roots approach? Excuse me if I keep emphasizing the experience of the trade union movement again here. If the union sends in an organizer to organize a plant, he will help them get started in organizing and he will help them train leadership, train a local union secretary, train people to take on jobs of a steward and negotiate collective agreements. His job is to get out of there as soon as he can, and leave behind him a group of people who can run their own affairs and manage their own affairs, and it is only to the extent that he can be successful, and successful quickly, that he can move on and go on and help other people organize themselves and do the same things for themselves.

This is what we mean by building self-reliance, only to the extent that you get people to accept responsibility for themselves as individuals and accept responsibility as a group and in a community, and build it up on a grass roots basis for constructive, positive actions, to solve their own problems. Only on this sort of basis of organization can you eventually build up a network for social planning in this country. How do you start it? Do you start social planning from the top and get a bunch of university professors who are experts at social planning?

The Chairman: That is what we did. Up till now we have been working from the top down.

Mr. Waisglass: You have been working from the top down, and it is going to take maybe another three hundred years before it ever reaches the poor. But community organization, if you are going to set up an organization even in metropolitan Toronto or any of the municipalities, you want to set up a social planning council. Who is going to represent the poor, and how can the poor be represented on a planning council if they do not have any organization?

So that if you do set up a social planning council, the first thing they have to do is to go out and see what you could do to get the poor to organize themselves so that they will be able to have a representative on this, and I do not mean to organize the poor by isolating them in ghettos, but on a community, neighbourhood basis.

Senator McGrand: Well, the other night on television there was a programme out of Kenora; it was on Indians.

The Chairman: Yes, I saw it.

Senator McGrand: You saw it? Did you notice that these Indians had complaints about the federal government, the Department of Indian Affairs and the provincial government? What did they say? Three or four of them mentioned the same thing, that the Young Canadians had done more for them than any other group.

The Chairman: Yes, that is right. Senator Cook?

Senator Cook: You were analyzing what happens when someone comes and organizes the workers and gets them together and forms a good union. Now, as a result, everyone in the union agrees to a certain amount of reasonable discipline, does he not, in the union?

Mr. Waisglass: That is right, that is the essence of organization.

Senator Cook: Yes. Now, it seems to me all I have heard from the Young Canadians and from others is that nobody seems to think anybody should be organized among the poor for discipline. Then it becomes snooping on the part of the welfare worker, or something of this nature.

Mr. Waisglass: Yes, but the essence of good discipline is that it should be self-discipline, not imposed discipline, up to a certain stage. When raising your children—as I was raising mine—I find that up to a certain point I have to impose discipline on the child, but eventually discipline and steady habits and health habits, and other habits, are acquired. But I am only successful as a parent at the point where the child reaches self-discipline. And as the child grows from a state of complete dependency into a state of—not independence—it is interdependence, in the family, as a member of the family, there is a great deal of self-discipline. The same principle applies

in a community organization and in union organization work. It is not imposed discipline that works, it is self-discipline, an acceptance of self-responsibility and for responsibility towards others.

Senator O'Leary: Does it not have to begin with imposed discipline? Do you think it comes automatically with organization?

Mr. Waisglass: Well, when you have got an infant to look after and raise, you begin with imposed discipline, but you have to be extremely conscious of what your goals are. You have got to help the child grow to be self-responsible, otherwise you have not succeeded as a parent.

Senator Cook: You have to teach him.

Mr. Waisglass: That is right. And at times you have to give him opportunities to learn and to make mistakes. I remember my parents were afraid to let me ride a bicycle for fear I would fall off and break my neck. It is only when you take the chance that the child really learns to ride the bicycle. You have to take some risks. But the important thing is to bring them up to the point where they are reasonable risks.

Now, in society we do not take the same chances with all kinds of people. There are maniacs we do not let run around alone to do harm. We have to put them under custodial care because we know they cannot accept responsibility. The real danger is this misplaced concreteness, that you have to treat everybody the same.

Senator Cook: Just to follow up this line of thought, if you were in favour of a guaranteed annual income, would you think it should be paid without any obligation on the part of the recipient whatsoever? Now, what I mean is, should those who give this guaranteed income be entitled to say: well, if necessary, you should attend lectures, if you like, on home economy, or lectures on this or that or the other thing? Should it be given without obligation, to spend as you like, or should the government, if you like, have certain rights to direct recipients in certain ways?

Mr. Waisglass: In some cases, and probably in a good many cases, it would be given without any strings attached. But what concerns me are the exceptions. What do you do with the case where the head of the family is an obvious alcoholic and he is the one who is going to be the recipient of the cash and he goes out and just buys more liquor? Now, you

do not design programmes to deal with the exceptions only, but you have to know that there is a number of variables like this that have to be dealt with.

The Chairman: We have heard that argument so many times. You know very well we faced that argument with family allowances. We said we will give it to the mother and the mother will look after it. We have never had a complaint that was worth talking about in all these years, and we have had family allowances for many, many years. So the exceptions do not count. You know very well that under the guaranteed income in the United States the people who are receiving it are required to attend classes and then receive instructions. You know that as well as I do. So you tell Senator Cook: yes, this is the way it is being done in other places, instead of, on the other hand, saying: well, if he is an alcoholic—sure, there are alcoholics, but they are not the people we are talking about.

Senator Cook: After all, in a bad case you should have a guardian appointed by the court.

Mr. Waisglass: Certain other action programmes are required to go along with income maintenance. This has been my point essentially. My essential point is that I am against the Milton Friedman approach which assumes that if you just distribute money and a free market economy is going to solve all these problems, there is an excess of confidence, in that all the problems of poverty will be solved just by handing out money. Now, a lot of our other programmes dealing with poverty have to combine prevention, income maintenance, rehabilitation. Unemployment, for instance. If the sole cause of the man's poverty is his unemployment or his inability to acquire the skills that are necessary in order to gain productive employment, then it is important, I think, to have your employment services work very closely with your Unemployment Compensation services, and both of these programmes working together with other kinds of programs that try to maintain the whole level of work opportunity, employment at the highest possible level in the country.

These programmes having the highest levels of priority—the emphasis there is on the prevention—make the maximum opportunity available for employment to everybody on a continuing basis to counteract the cyclical and

seasonal and the frictional problems that are causes of unemployment, getting at the basic cause of unemployment. Now, that kind of programme has to be integrated also with the national employment service, manpower programme, and it has to be integrated also with the compensation programme. So you are working with the same kind of problem.

Now, there are other kinds of cases of poverty, as I pointed out; the Workmen's Compensation approach, combining accident prevention and rehabilitation with income maintenance. This is similar, but we can also take cases where there are certain categories of causes of poverty where our society has not yet learned how to prevent those particular problems, and once they have arisen—

The Chairman: What are you talking about?

Mr. Waisglass: You know, cases of poverty where a man is left at a very young age with dependent children.

The Chairman: I want to make it very clear that no one on this committee has ever expressed the opinion that they are in favour of loading a basket full of dollars and throwing it around. We are all opposed to the Friedman concept. That is not our concept at all. We started out by talking—we are at the talking stage—by talking about guaranteed income, plus services, plus attitude. Now, that includes all the things you have been talking about.

Mr. Waisglass: There is no disagreement.

The Chairman: There is no disagreement. Now, we also started out talking about three categories of people. It is hard to categorize them, but we must do something. We talked about disadvantaged people, the blind, the crippled, the maimed and the mental, Group 1. We then talked about the female head of family with small children. You talked about her going to work, and she is quite a problem in this country, and there are a lot of them. Then we have the near poor, working full-time, with a fairly large family, sometimes even the wife is working, low wages, never rises above the level where he is always the poor. He is having a hard time to bring up the children and educate them. Now, I have given you three classes of people, do you follow me?

Mr. Waisglass: Yes.

The Chairman: Deal with them for a moment. What would you do? How would you approach it? You make the decisions on them. How would you deal with the disadvantaged? They are out of the mainstream of life. What do you do for them? Moreover, they are poverty-stricken.

Mr. Waisglass: Well, I am not Solomon yet. I am not sure that I am in a position now to solve all of these very complex categories of poverty in a very simple way. That takes a combination of approaches. I do not think that there is any one exclusive answer, and I doubt if anyone is capable of giving it to you.

Senator Cook: The main thing they lack, because they cannot be re-trained, and this and that—the main thing they lack is money.

The Chairman: For the disadvantaged, the crippled, the hopelessly crippled, the blind.

Mr. Waisglass: Yes, they are the extreme cases.

Mr. Carter: Money plus services. Service is all we can do for them; that is all anybody can do for them.

The Chairman: Yes, we must always have the services, certain kinds of services later on we will try to specify the kind of services that should be available for these people.

Mr. Waisglass: I have no objection to that.

The Chairman: No, it is not your objection that we want.

Senator Fournier: The objective.

The Chairman: We want you to be as positive. You do not have to at all, but what Senator Carter has said, in effect—I remember recalling a phrase I once heard that for these people money is "coined freedom" ... which I am stuck with.

Mr. Waisglass: I wish that were true, but it is not always true.

Senator Carter: It is true generally, though. We cannot deal with exceptions, again.

Mr. Waisglass: This is the one thing that bothers me. I never said that money is not important. It certainly is in our society. But really what concerns me is the feeling that once people have got money, they have everything, and that is not so for rich or for poor, because with the most destitute and deprived cases, what they most seriously lack is hope. But they also lack money.

However, if you think that just giving them money will give them hope for the future, you are wrong.

Now, let us get back again to a concrete example of the approach of the Workmen's Compensation. A man suffers a serious accident and loses a leg or he loses an arm. One of the first approaches of the Workmen's Compensation is to provide him with income maintenance. That is the first thing. But it goes beyond that in most approaches—and this is one of the things that is distinctive about Workmen's Compensation approaches in most Canadian jurisdictions—they try to rehabilitate that man to overcome his handicap. If all that they are going to do is to maintain him at 65 or 70 percent of his normal earnings, this fellow is going to become poor. Even with income maintenance, he is still going to fall into a very serious class of poverty, unless you help him get to the point where he can build his own self-reliance and self-confidence, not only to give him an artificial limb but to help him learn how to use it, to get back into productive employment and to play his full role in society, not just a worker. This is the important thing, the integrity of the individual, his wholeness, his completeness. Now, money is necessary to get the basic necessities of life—

The Chairman: We say "essentials".

Mr. Waisglass: The essentials of life. All right. What I think is that in our society, and a society as rich as Canada right now, which is supposed to have the highest per capita standard of living in the world, or the second highest, third highest, one of the top...

Senator Carter: Third.

Mr. Waisglass: Certainly we should be aiming at something more than giving everybody just enough to eat, enough clothing and enough shelter to get by.

Senator Carter: Especially when we are spending just about four or five billion a year at it.

Senator Fournier: Especially when we spend it in the wrong places. Let me take this for a minute, because I like the discussion, and I do not think we are getting anywhere; we are just hearing the same things we already know. We know what the mistakes are, what the weaknesses are. It is just a repetition of the old song.

Yesterday we discussed ARDA, which happens to operate in my area. We were told we were spending something like 15 million dollars on schools in 1966...

The Chairman: Six million.

Senator Fournier: Was it six or seven?

The Chairman: Yes, six or seven.

Senator Fournier: Well, six or seven, but in two years. Now, if you travel in the area you will find out that at Tracadie, Bathurst, Petit-Rocher, Shippegan, and many, many places, are some of the best schools that you can find across the country, million-dollar buildings which were in existence way before ARDA got there. ARDA came in with a great big programme, putting more money into schools to the point he even talked about private circuit television from one school building to another. To me this is an extravagance, talking about private circuit—what is the name for this, closed circuit television?—in school, in a place like that.

Mr. Waisglass: Which place is that?

The Chairman: In Bathurst.

Senator Fournier: It has its place in Montreal, in Toronto, where people can afford it, but not in a desolate area. Now, in the same area and the same people—and your people, I believe spent 15 million dollars, we did find out, and this is something known to everybody because the CBC took pleasure years ago to make films of the area and showed these paper shacks and children walking the snow bare-footed, homes made with cardboard boxes; this is the poor people—and a pitiful \$140,000 was spent on housing. "Oh," they say, "we have got a law. You can go to Central Mortgage and build yourself a home." These people cannot build themselves a home. This is the group of people whom you want to help. It is no use taking people who live in these paper shacks, people who have nothing to eat and are bare-footed, and bringing them into a million-dollar school to look at short-circuit television—or whatever you call it.

Some hon. Senators: Closed circuit.

Mr. Waisglass: I would like to make some comment on that problem. I do not know whether it is a case of automation and modern electronic techniques replacing workers, in this case teachers—and perhaps causing some other kind of poverty—but I rather

think that in this particular case, in north-eastern New Brunswick, it is a different kind of problem, the problem of having too many people to teach and not enough teachers, and they want to use the most modern equipment in order to reach as many people as they can. I have no personal knowledge of this directly. It may be that the illiteracy rate in that area might be particularly high in relation to other areas.

Now, this may be an important deficiency, an important lack, of those people that has to be made up before they can reach the stage of helping themselves, and if this is a basic problem, then the strategy is to try to get them to a state of literacy where they can enhance, then, their other skills so that they can do something more about their own problems individually and collectively. If illiteracy is a key or crucial problem, then you have to have some kind of attack on that in the community. The question really is, what is the best approach? Now, your suggestion is that the best approach is not to build a big school.

Senator Fournier: Oh, I did not say that at all. Do not get me wrong. The schools were there. The best approach, if we are going to help the poor, is to go to the poor and do something for the poor, and to stop spending millions where things are running properly. Just adding a million over a million does not make much difference to people. I am talking of the people who cannot benefit from the first million. You take a drive in that area and find out what there is.

Mr. Waisglass: What you are saying is that it is misspent money, that money could be spent more effectively.

Senator Fournier: Definitely.

The Chairman: Let us get back again to the original point. I asked three questions. I asked you if you had any other suggestions at all on the disadvantaged, if you had any suggestions about the women heads of families...

Senator Fournier: I am not quite finished. You are putting great emphasis on labour leaders solving the problems of poverty. I do not quite agree.

The Chairman: He did not say labour leaders.

Senator Fournier: Well, pretty close.

Mr. Waisglass: I said collective bargaining.

Senator Fournier: Because the poor for whom we are trying to do something have nothing to do with the unions, because they cannot belong to the unions.

Senator O'Leary: That is the reason they are poor.

Senator Fournier: At this moment they do not. But the union leaders are not interested in that role. I believe that our union leaders, when they are bargaining, have more interest in their union than in the nation as a whole. Every time that there is a major increase in salaries in large organizations there is always, I would say, massive lay-offs that follow, which proves that union leaders have very little respect after they get what they want, and they tell their men: well, we got you this and we got you that. But I am changing the subject.

Mr. Waisglass: No, you are not changing the subject, Mr. Senator. I think it is very relevant.

Senator Fournier: We were talking also on management and labour, and I think I quite agree with what was said. There is another factor on that, that the two, management and labour, have to work together in industry, have to produce something. But there is a third factor in that, and it is the market, which is very, very competitive. There is no use producing a warehouse of materials if you cannot sell it. Your price is pretty well controlled, not just by labour, but labour is a big factor, and I think that we should be very careful across Canada to look at this, because we are very, very close to a very serious situation. We are just marketing ourselves right out of the world markets, and somebody has got to look at this very, very carefully. It is all right to have good management and good labour relations. I agree with that. But we have to think also of our market. We are only just a mere 20 million people, and sometimes we are the fourth largest producer of the world as far as industry is concerned, so we certainly have to export, and we can only export provided that our price is competitive, and we are very close to the danger line.

The Chairman: Any other observations?

Mr. Waisglass: On the last remark, I think we always have to be conscious of international competition and its effects on employment opportunities generally and on excessive inflation. We always have to be conscious of

that, and particularly because inflation hits the hardest the poor, the lowest income groups. I think many economists have noted that inflation is a tax on the poor. They are least able to defend themselves.

While generally I agree that we have to be cautious of this, at the same time I do not think that we should be excessively impeded by these concerns from taking appropriate action within the limits of our competitiveness and the strength of our economy. Do not underestimate, I would suggest, the strength of our economy and the opportunities that we still have. Canada has enjoyed one of the longest prolonged periods of prosperity that we have ever had in our history and that very few other countries have enjoyed. Our economy has generally been very well managed. Since 1960, 1961, we have had a fairly good, steady, prolonged growth. Conditions generally have been prosperous. But there are still a lot of exceptions, and this is why this committee is here. This committee is concerned about how we manage our prosperity so that everybody could share in this general condition of prosperity and get their fair share of it. So our problem is how to manage our prosperity and how to sustain it. But, my goodness, this is a kind of luxury problem compared to a lot of countries.

The Chairman: Well, we now have a prosperous economy, we have had eight years of it, and despite what anyone has said, our trade balance is excellent. I want to talk to you about those disadvantaged people, back again with our problem. We have got three classes of people we want some help from you on. What I would like to know is what you think we should do for those disadvantaged who are out of the mainstream of life and pretty well out of the labour market.

Senator Cook: Within the realm of the practical.

The Chairman: Something we can tell the Canadian people that they should do, and the Canadian people will say: "Oh, the wisdom of the Senate is great!"

Mr. Waisglass: You are asking me to solve this or to suggest to you a solution within the constraints that you have suggested, not pricing Canadian products out of world markets...

The Chairman: All I am saying to you is that we are a very prosperous country, we

have got whatever we need, by your definition. What do we do with these disadvantaged people, by definition, that I asked you about? What do you suggest we do? What do they need? You know some of these people. What do they need that would be fair to them and fair to us?

Mr. Waisglass: Well, now, you are getting into some questions of government policy in terms of priorities...

The Chairman: No, no.

Mr. Waisglass: There are so many alternatives and options that are open to us, in terms of both monetary and fiscal policies as well, for distribution of income. Now, these are questions largely of public policy and of government policy that I do not think it is appropriate for me as a civil servant to tell you what the answers are. I can suggest to you what some of the options may be.

The Chairman: Give us the options. That is all we want.

Mr. Waisglass: The options may be open to us largely in the form of a tax structure that could achieve perhaps a more equitable redistribution of income than the tax structure before. Now, it requires some analysis and investigation in depth. There is also a question of how much priority and expenditures of the government ought to be placed on programmes that would emphasize economic efficiency and economic growth. Included in those programmes would be manpower training programmes, retraining programmes, manpower relocation programmes, which could also, incidentally, help the war on poverty, but not necessarily that being its primary purpose. Its primary purpose mainly would be, say, for economic growth. There are some areas like the manpower programme where economic and social goals could overlap.

So you have some options, on the one hand whether the emphasis on your priorities ought to be to encourage further improvements in productivity, the growth of the economy, the competitiveness of the economy, the viable balance of payments so that it can be competitive with other countries, and sustaining our prosperity, or put more emphasis on social programmes.

There may be some trade-offs that have to be made between solving some of our social problems and solving our economic problems.

You may have to give up something in the way of growth in order to do something that may have some payoffs, not in the short run but more in the long run in terms of how we could solve some of these particular social problems of individuals and communities.

Now, these are broad areas of the kinds of problems that have to be resolved, and a trade-off as between the mix of social policies and economic policies has to be made by the government, not by civil servants.

The Chairman: Well, I agree with you. Do you think the country would go busted and to the dogs if we looked after these disadvantaged people in the same way that we are looking after the old age security people at a further cost of 40 million dollars a year?

Mr. Waisglass: Well, to tell you very, very honestly, there is still—and the Senator here raises the question of inflation—a straight, outward redistribution of cash that will bring the incomes of the 20 percent of the poverty group, as defined by the Economic Council, up to that poverty level. Just a straight cash approach does also present with it some dangers and some problems of inflation that ought not to be ignored. Now, I am not saying that this is the only consideration, but this is one of the economic considerations that one has to look at.

Now, it is one thing, you see, to emphasize the distribution of income in cash. It is another thing to emphasize the distribution of goods and services to the poor, which may be less inflationary because they may also be more productive. For instance, let us face this problem; I will present it, not that I have an answer to it. Are we satisfied in our own minds that a lot of the poor, by just putting enough cash in their pockets to get decent housing, would necessarily be better off in their housing? If there is still a shortage in the supply of adequate housing, may not more cash in their pockets only result in higher rents rather than more and better housing for the poor? So, is putting cash in their pockets the way to solve the housing problem for that 20 percent of the bottom part of the public?

The Chairman: The total problem.

Mr. Waisglass: The housing problem, the health problem and other problems are very important problems for the poor. Perhaps more of the emphasis ought to be given—and I am not saying what the answers are; it is

not appropriate for me to suggest to you what the proper mix of policies are—but I am raising this question, that if you had the emphasis at the present time to expand the production and the supply of decent housing to be made available to the poor, this may do more to solve some part of the problem of the poor than giving them enough money to go out and try to buy housing which is not there. It could be a case of too much money chasing too few goods, if you are just looking at the cash approach. That is the Milton Friedman approach, Mr. Senator. You just give the poor money and they will get housing, they will get the doctors and everything else, and what often happens is that the landlords and the doctors get the money and the poor remain poor.

The Chairman: Now, look, we gave 1,770,000 Canadians over 65, 67 years of age a certain amount of money, a little extra than what we call the guaranteed supplement. Did you hear any dissatisfaction from them, or dissatisfaction in the country?

Mr. Waisglass: But this is the question of skill. How many people were affected and how much have you raised their incomes, from \$75 to \$105 a month, is that not right?

The Chairman: I had my figures with me—435,000, I think, were improved.

Mr. Waisglass: That is far different from trying to raise 20 percent of our population to...

The Chairman: I did not say 20 percent of the population. The Economic Council said 20 percent were in the poverty level. I am talking of the 25 percent or that 20 percent approximately, heads of families, which is almost infinitesimal. I spoke about 40 million dollars. I threw that figure around. It could be in, it could be out a couple of million. I thought you were going to say to me, well, you could save 40 million dollars very easily by bringing those troops home from Germany a little quicker. We are spending 180 million dollars a year on them. What are we wasting it for?

Mr. Waisglass: Well, there is that basic approach now, really, in the Canada Assistance Plan. The basic philosophy of the Canada Assistance Plan is that the cash incomes of the poverty group should be brought up to the level which will provide them these essentials of life, as defined by each of the

provincial jurisdictions. So the basic approach is available there.

The Chairman: No, no, wait. You just stubbed your toe a bit. You began by saying that it should be brought up to the basic allowance, the basic need. Is that what you said?

Mr. Waisglass: The essential need.

The Chairman: The essential need. Then you said, as is laid down in each province.

Mr. Waisglass: Well, under the Canada Assistance Plan I have no responsibility for that, nor has the Department of Labour. I think you are getting me really pretty far afield to try to defend the legislation of another department. I am just talking about the principles involved here, and, if I may say, Mr. Senator, the principles of the Canada Assistance Plan, which also not only provides adequate income to meet essential needs, also makes available to the provinces and to the institutions in the provincial jurisdiction other services, therapeutic services. Now, of course, I know what you are getting at here. The problem is that some of the provinces may not opt fully into this programme. But I am talking about the basic principle that is involved there in terms of the present situation that you have in Canada of the divisions of responsibility in the fields of welfare and the social policy between the federal and provincial governments, which requires a joint approach. Now, through the Canada Assistance Plan, there is an avenue there to do the sort of thing that you are suggesting.

The Chairman: The Canada Assistance Act, in my view, is one of the most enlightened and best acts on the statute books of Canada. Do you agree with that?

Mr. Waisglass: I have said so, as a matter of fact, in an article that I read from earlier, where I referred to the Canada Assistance Plan as being the only major innovation in the field of social welfare policy in over a century.

The Chairman: That is right, and it is better than anything they have in the United States, or even in Britain.

Mr. Waisglass: I believe so, in principle.

The Chairman: What is lacking now is uniformity of application. The poor province applies it in some sense, the richer province applies it in another sense, and so there is a

lack of uniformity. At the same time we are paying 50 percent of the cost. So that we are not treating Canadians equally in every part of Canada. Now, that is basically the weakness of the Act at the moment.

Senator Cook: That is not necessarily so. I mean, people living in an urban centre may need a good deal more than people living in a rural centre.

The Chairman: But the urban and the rural should be alike, and the rural and the urban should be alike. That is what I am talking about. The poor provinces cannot meet that cost that the rich provinces can meet, so they cut down on the needs.

Senator O'Leary: Priorities.

Senator Fournier: In other words, the poor in Ontario could be rich men in New Brunswick.

Mr. Waisglass: But it does provide, if I may interrupt for one moment, a vehicle, a mechanism, a policy instrument for joint federal-provincial actions on this problem.

The Chairman: Very good.

Mr. Waisglass: And I think at least that much has to be said for it. Now, how to make it work in practice depends on a good deal of good will and co-operation.

The Chairman: Mr. Waisglass, we are going to take a very, very good look at the Canada Assistance Act as it works across the country. We are a little early yet, but as we get into it we will have someone who will study its workings across the whole country. It could be one big vehicle that we will have left, in which income, plus the Canada Assistance Act, plus something else, may very well be the best thing that we could recommend and that could be useful.

Mr. Waisglass: I might say too, again, if I may, Mr. Senator, that one of the distinctive features of the Canada Assistance Plan that I find attractive, as a basic policy approach to combat poverty, is that it also has built within it certain measures and programmes which combine the three essential features which I have mentioned right from the outset, combining prevention, income maintenance, with rehabilitation. These are important things to contain within one particular policy.

The Chairman: Now, I will just take you from there. So that if we can devise some method by which they have income, the

Canada Assistance Act, with all it can provide, plus the...

Senator Carter: And the services.

The Chairman: And the services—I am not discussing family allowance and old age security—assuming that those two were untouched, the money plus the Canada Assistance Act. Is it not conceivable, then, that we could do away with a lot of the patchwork of services, a bit here and a bit there, and bring it to the point where we could give them what they require more easily or more acceptably?

Mr. Waisglass: Yes. I may be getting into a little dangerous water here.

The Chairman: Go ahead, we are all in dangerous water here.

Mr. Waisglass: I think that we ought not to be looking just for administrative tidiness, you know, the combination of a lot of the programmes. You see so many around. You say: why do we not put them all in one nice basket? It would be easier to administer. And so on. If you are looking just for administrative tidiness, you can build some pretty monstrous organizations. I do not feel there is a great deal to be said for trying to put all of the programmes, all of the income maintenance programmes, into one basket. Not all of them. But perhaps they can be grouped or re-grouped in a more logical order than what we have now.

Senator O'Leary: I would hope so.

Mr. Waisglass: I think that is right. But there are some really horrendous problems to be faced that are not just bureaucratic or administrative; and this is one of the things that, having spent a little time looking into the problems of the administration and organization of some of these programmes, sort of overwhelms me, because there are not any really simple solutions, and there are too many efforts to try to bring some order out of this that are really just approaching it in terms of cost savings and administrative tidiness. Cost savings are important, as is administrative efficiency, but if you set these as your primary goals, you may end up putting programmes together that do not really belong together.

Senator Cook: There is a lot in what you just said, but I am wondering, is there any review from time to time of all the different services or departments, agencies? I mean,

they all write lovely reports on glossy paper, I guess, but who has a chance to read them, really? The parliamentarians are terribly busy, everybody is working at full pressure. Is there any review from time to time when a programme is set up as to whether it is accomplishing anything? Putting it broadly, are we getting value for the money?

Mr. Waisglass: On the research studies?

Senator Cook: In all these departments. Perhaps it is not a fair question to put to you, but do you know of any review? Senator Carter said you spent four billion dollars on welfare. Is there any review from time to time, to your knowledge?

Mr. Waisglass: A review! My goodness, I have been in the civil service now for just a couple of years—less than that, really—and I find that a lot of my time is taken up in having to justify every cent I spend to the Treasury Board. There are annual programme reviews through the Treasury Board, and you have to justify your expenditures. I know in my own programme area, in order to get certain things done, moving ahead, we have to make decisions on priorities, we have to give up some things that perhaps we have been doing for a good many years, because we feel now we have to shift those resources, the money, the men and the materials that we are using, to accomplish other priorities.

Now, from what I can see, that sort of thing is a constant process in the government. It is a very useful one. My main problem is that it is so time-consuming. Maybe I am getting into hot water here. You can spend so much time working on priorities and trying to improve the efficiency and the organization of your system that you do not have any time left to get anything done. So in terms of coming back to grips with your question, I would say yes, there has been a great deal of attention given to it, the problem of reviewing the effectiveness of our programmes, and, I think, with some good results.

Senator Carter: Could I come back to the point raised by Senator Fournier earlier, and perhaps, to get back on the track again, I am recapitulate a wee bit. You, Mr. Chairman, described the poverty and the problems of poverty, and the witness started out by saying that in the war on poverty we have got to have the concept of the integrity, the wholeness, of the individual, and that implied

more than just giving him money for food, shelter and clothing, and so forth, which are the daily necessities, although I assume you would agree that has got to come first; there is not much use talking about developing attitudes in the public of responsibility in the individual unless his basic needs are taken care of, at least to a minimum. You would start there, would you not? There is not much use you talking about a person trying to develop all this leadership and attitudes and a sense of responsibility in a person who is still hungry.

Mr. Waisglass: Well, Mr. Senator, to be perfectly honest with you—and I am going to give you my own personal reflections; I am not giving you the views of my department, or a bureaucratic view at all; it is my own honest, gutsy feeling about this thing—I think we are living intoo much of a materialistic society. My real fear is that it is a sort of 1984—George Orwell kind of society where everything is going to be nicely and neatly ordered, but some of the real, basic human needs of human beings are not going to be satisfied.

I have struggled personally from poverty. My parents were immigrants. We suffered through the Depression, and I know what it is, the problem of not having enough to eat or not having a bed in which to sleep. I remember during the thirties my mother was waiting for me to come home with the money from selling newspapers so she could go out and buy food for the kids, and after she cooked supper a mattress was rolled out of the cupboard for my brother and me to sleep on. I know what poverty is, but I do not feel we were anywhere nearly as poor as a lot of people that we had as neighbours, who had more money and more of the material things, because we had hope. There was a feeling of dignity and a feeling of self-respect. These were very important things to struggle for, and my parents had an appreciation for the kind of society in which they were living and an appreciation for the kind of society to which they had escaped.

Now, having an appreciation for the freedom of our society, with the emphasis which I have placed for free trade unions, the emphasis for giving people the opportunities for solving their own problems and to grow in dignity and self-respect as human beings—money is important, to have enough to live on—but in our society I think we should be reaching for a lot more than that.

Senator Carter: I did not say that.

Mr. Waisglass: I spent six months in South-East Asia, where I saw a real struggle for survival, where people did not have enough to eat and did not have a lot of the basic necessities of life. Surely, in a society like that, if just surviving is the main issue, nothing else really matters. But in our society we have reached the stage, I think, where we can strive for something more than just having enough money and having enough to live on.

The Chairman: To get back to your question...

Senator Fournier: Very true.

Senator Carter: Well, I agree with everything you said, and what the witness has just said reminds me, Mr. Chairman, that in one of the Ottawa papers—I believe in the "Journal" yesterday—was a letter from a woman who was on relief...

The Chairman: You bet I read it. She knew her poverty. She was one of the best disciples poverty has had in a long time.

Senator Carter: She knew what poverty was, and she described it, the sameness day after day after day, and the diminishing hope. I thought it so good that I intended to cut it out; I thought it should be in our records.

The Chairman: Well, I cannot put it in the records...

Senator Carter: Well, I would almost move to have it in the record, because it is so enlightening, one of the best definitions of poverty that I have seen. But you got away from my question. Your case is pretty similar to my own. I am not an immigrant but I know what you are talking about. You never lost hope, but we are talking about the people who have not got the hope, they are down there in the depths, they have not got anything; and these are the people you are talking about to whom we have got to give something, whom we have to inspire, make responsible again, and give them hope. My question was: do you think you can do that if they are still hungry? First of all, you have got to meet their physical needs.

Mr. Waisglass: Yes, you have to, and there are still a lot of people in Canada who do not get enough to eat and do not get the essential basic necessities. I am not saying that it is not

important. Even in a community like Ottawa—my wife worked a year in child protection work with the Children's Aid Society when we came to Ottawa—what she saw was enough to make her sick, really enough to make her sick. And do you know what made her sick? It was not that you could not get the children the basic necessities of life. You had a hard time getting middle-class families to agree to accept these foster children. You can get working-class families to take them in because they get some income to go with it to help them. None of these children, perhaps, starve. They had difficulty in getting adequate medical treatment and other things like that. But do you know what these kids lacked? They lacked love. They were rejected by their parents, not just because the parents did not want to love them, in many cases, but with large families where children had to be put in foster homes, no matter what public welfare could do, they could not find a home in which they could live. Families were broken up. Sure you could find them shelter, but you could not keep families together and you could not get them to be able to grow together in dignity and self-respect. That is what I am really struggling for here. I think that too many people overlook the fact that just to give them the basic necessities of life or to give them money, as Friedman would, to go and get the basic necessities of life—where they need hope—they need something more, they need something to be able to build this capacity to get that money for themselves.

Senator Carter: I could not agree with you more, but my point is, how do we go about doing this? Now, you have got to start somewhere. I want to go a little further on this. This morning I think we all accepted your concept that we have got to give them more than money. We have got to find some way of changing their attitude and changing the attitudes of the public. We have got to find some way of developing leadership—leadership was the big topic this morning—and if I understand you correctly, you held out the labour movement as a model of developing leadership, and you mentioned the ideals, I think, on which the labour movement was founded, justice, charity, equity, love, and I agree with you. I think that is what Keir Hardie started out with when he started the labour movement, and there was no better Christian than that.

But I am not so sure that the leadership which you have developed and which you are

holding up to us as the end product of the evolution of leadership is motivated today by these ideals that you mentioned. You said yourself that we are living in too materialistic a society. This goes back to what Senator Fournier was driving at, that the leadership that you have developed now, the type of leadership in unions, in some respects, in getting their own pound of flesh, it is contributing to the poverty of these poor pensioners with fixed incomes who have no way of protecting themselves at all. So are you not developing the same type of leadership now that the fellows found down in the Gaspé and they said they had to reject this because it was too material?

Mr. Waisglass: That may be happening. I am not going to try to defend the trade union movement as having the monopoly on virtue. There are selfish and self-seeking people in trade unions; they have their fair share. I also think they have their share of virtues. But what I am really suggesting to you is that this serves as a sort of model, as a way of dealing with some of these basic problems. It is not necessarily the best model, but I find very few other models in our society that could serve us better or as well. I would suggest to you, however, if I may, that the trade union movement is not the only model. I would suggest to you also the co-operative movement, which does similar things. Take a look at what the co-operative movement is trying to do. It is not as widespread in this country as it is in some other countries but it has in some ways had some very significant success, and perhaps it ought to be encouraged more. But it has been doing a lot of the things and the basic approach is similar to the trade union movement, and there are parallels also with the community development movement.

Senator Cook: The co-operative movement does not help pay the income tax around the country.

Mr. Waisglass: But if I may go on to answer your question: the reason why it serves as a model, in a way, is that it has been an innovating force in our society, and to the extent that it has been successful, in some cases it becomes fairly rigid itself. There are exceptions. By and large, it has been a force for good, for innovation. What is needed here in a lot of our areas, and other areas, is that just as the unions confronted the rigidities of the institutions on the side of the employers,

in their way of dealing with workers and setting up the work arrangements—and there are similar rigidities that exist now in welfare agencies, public and private—our traditional and obsolete approaches to poverty have to be changed. Now, they have to be attacked not as an anarchist would attack them. I have never felt like an anarchist. I do not believe in change for the sake of change. I think there should be a positive change, a constructive change, to adapt these institutions so that they can serve us better.

Let me give you some examples of the problem. There are some welfare agencies that are short of social workers. The Children's Aid Society is an example. They cannot get enough of them. Their whole employment policy, again, is structured for certain types of professional workers, with certain kinds of degrees, and they have to be full-time. There are also social workers with degrees who can work part-time, such as married women. Two of them working together part-time can probably do as much as one and a half full-time workers, or even two full-time workers. You get them working effectively together. But the agency approaches have to be changed in terms of the use of staff.

There are also certain kinds of workers they could use in welfare agencies who do not necessarily have to have degrees. They could be trained to effectively help and deliver certain kinds of services to poor families. There are a number of things that are open to be changed. I am only using these as examples. There are rigidities, institutions, folk ways of dealing with this problem of poverty, and sometimes they are for the convenience of the agency and its board of directors rather than the convenience of the people they are supposed to be helping; where they are located, for instance, where their offices are. There are a million things, but how do you get these things to change?

Senator Carter: Well, that is your problem, in Labour. That is what I wanted to get from you. I think everybody on this committee will agree that no single person or committee, or no single agency, coming to grips with the problem, is going to solve poverty. Then we have to have the co-operation of the labour movement, and business, and management. Everybody has got to chip in on this. No single person is going to come up with a magic wand.

But what do you see? You talk about these rigidities. How do you overcome these rigidi-

ties? You blame management too, but the rigidities must be on your side as well. But wherever they are, they are bad. How can we overcome these difficulties? We have got to have the help of the labour movement in this as well as management. You mentioned good will. We have to have that too.

Mr. Waisglass: There are so many problems that there is not really one particular solution that can be applied universally. This is really one of the essences of my argument. If you have one universal programme, to try to put everything into one basket, you are going to be creating more problems than you will be solving, if you feel that there is one single solution. There is not a single solution, because there have to be as many different approaches to poverty as there are causes.

Senator Carter: Well, I am interested in knowing that you recognize the problem stated here and how you are going to go about solving it as far as your department is concerned. What do you have in mind? What do you think can be done? What do you propose shall be done?

Mr. Waisglass: Well, our department is not one that is charged with the responsibility for poverty, nor is it our mission in life to solve poverty. In fact, our programme, as far as I understand it, is not even established with that purpose in mind. I really tried to explain to you that we think that we have an impact on it, and an important one, but I am not trying to make the case that we should rely on it exclusively or even put major reliance on our programme any more than on any others.

Senator Carter: You have got me wrong. The problem I mentioned was not a problem of poverty. The problem that I said was your problem consists of these rigidities that prevent management and labour from getting together for the maximum good of everybody, so that even the poverty people would have a better chance.

Mr. Waisglass: I think we are making some very important contributions in the area of prevention of poverty, more than in solving poverty, and I do not think that that should be overlooked. We are probably not doing as much as perhaps needs to be done in this area, but I think we are pointed in the right direction. One of the things that I have not attempted to do is to give you a definition of poverty. You have asked me for a definition of poverty. You can get a lot of different

definitions, but I can suggest to you at this moment one way of defining poverty—and it is not necessarily the only way or even the best way: you can look upon the poor as being the cripples, the dro-outs of a changing industrial society, the people who have been unable to adapt successfully to the inexorable changes of an industrial society.

Now, to be able to do something to enhance their capabilities for adapting to the technology and the other changes at work and in the community is one of the important ways in which you can prevent poverty, and this is one of the things that collective bargaining tries to do. It is not the Department of Labour that is going in to try to solve these problems. The important emphasis on collective bargaining is that union and management together work out the ways, and their own solutions, presumably, would be better than any solution that could be imposed upon them to facilitate the adaptation to technological change.

Senator Carter: Is that not worked out at the expense of the public in general?

Mr. Waisglass: That is one way of looking at it. I only say that collective bargaining on this continent has evolved and innovated some major chances in the approach to poverty. A lot of the things that are now built into public programmes were innovated by trade unions. First of all, if they could not get them from their employers, the trade unions established their own unemployment compensation schemes. It was not very much, but it was their own self-insurance schemes for unemployment. And then they got unemployment compensation schemes from their employers, in some cases through collective bargaining, and these preceded state unemployment insurance schemes in Canada and the United States.

The Chairman: Just let us stop here. These preceded the unemployment insurance? Unemployment insurance came in 1935, am I right?

Mr. Waisglass: Yes.

The Chairman: I do not remember any scheme that was union-motivated before 1935.

Mr. Waisglass: A lot of them arose particularly out of depression experiences and were formed with their own money they were administering.

Senator Cook: Was it not introduced in England by the Conservative government away back?

The Chairman: Yes, but it was something else he was talking about. The time the unions undertook to compensate their own—I think the first one—was the automotive union.

Mr. Waisglass: Oh, you are talking about the SUB scheme, Supplementary Unemployment Benefits, where the unions negotiated schemes with their employers. I am talking about pure unemployment compensation, unemployment insurance, which was self-insurance. The clothing workers, garment workers, some of the construction trades, had their own pension schemes and their own unemployment schemes.

The Chairman: Not before we came into the picture in 1935. I never heard about it. I thought I knew them all.

Mr. Waisglass: Your former friends in the Amalgamated Clothing Workers ran a scheme there before 1935, and then the state's scheme came in.

The Chairman: Saul Spivak and Max Enkin.

Mr. Waisglass: I believe so.

The Chairman: Well, two.

Senator Fergusson: Well, I am sorry that I am perhaps getting away from some of these philosophic generalities and historical review, but there are a few things I would like to ask. Perhaps I should not bring up the subject of women again because, as Senator Croll has said, we plan to have a survey about women workers who are the heads of families, but even so I would like to ask our witness, Mr. Waisglass, because of his wide experience, which I certainly appreciate after reading his biography, two or three questions on the subject of women workers.

On Page 8 of the brief it says: "The Department of Labour also has a commitment to fight one of the most harmful and socially debilitating barriers to gainful employment, that of discrimination." You go on to say: "The denial of work opportunities to minority groups is widely accepted as a major cause of poverty."

Well, of course, women are not a minority group, but there should be even more attention paid to discrimination against them, I

should think. And then on Page 9 you say: "The Department is also responsible for the Female Employees Equal Pay Act."

Now, if women who are the heads of families are discriminated against in appointment, in promotion, in pay, this is going to contribute to a great deal of poverty amongst a large section of our population, and my question is, because of the knowledge you must have in this field, do you think there is discrimination against women workers in appointments, in promotion, in pay, at the present time?

Mr. Waisglass: In many cases I would not say it is deliberate discrimination.

The Chairman: His answer is yes—but.

Senator Fergusson: I would like to go on further. Is there anything we can do to overcome this? What can we do to overcome this, if possible?

Mr. Waisglass: Well, we are doing some things, perhaps not enough. We have a great deal of hope that there will be some measure of success. I think to a large extent it is a matter of relying on educational programmes as well as legislation. We are now considering an amendment of the Discrimination Act to include also discrimination against sex. That is one of the things up for consideration.

Senator Fergusson: That is planned, is it?

Mr. Waisglass: I would say that it is now under active consideration within the department.

Senator Fergusson: You know, when that act was first passed, the women asked to have set included.

Mr. Waisglass: I say that any statement as to whether there will be any change in legislation is the responsibility of the minister. All I can tell you is that it is under very active consideration. We are doing a great deal of research in the department to look at the various policy options that are open, how to deal with this problem of legislative alternatives that are open to us, and looking also at the experience in other countries and other jurisdictions that have passed this legislation. This is important to know so that you can predict what the consequences would be. This is now under very active consideration.

I also made some reference earlier to this study, and that will be followed by others, I hope, on part-time employment in retail trade. This study, for one thing, now looks at where are the opportunities for part-time

employment, because this is what married women need. They need part-time employment, and there is limited opportunity for part-time work. You just cannot force employers—I do not know whether at this stage it would be possible to pass a law to force employers to hire part-time married women where they feel they need full-time workers. I do not know whether you can do that by legislation. I think possibly a way of doing this would be by education.

Senator Fergusson: How do you go about educating people?

Mr. Waisglass: One of the things that we are considering and working on, and on which we have made some studies, for instance, is on maternity leave. That is another matter that has been under very serious consideration for legislative action. There has been a study published also on employer practices and policies in respect to maternity leave, and we want to know what the conditions are at least in the federal jurisdiction, and in other jurisdictions as well. Now, this could help overcome some of the special problems that women face. We can help employers to redesign some of their personnel and industrial relations policies, and do an educational job with unions as well, and change some of the terms and conditions of collective agreements which stand now as barriers to women entering into industry, so that they can re-structure or change their jobs.

Now, we have been doing a lot of work like that with the public service, our Women's Bureau. The government is also an employer. There have been some experiments conducted, limited to certain occupational groups, which are now in particularly short supply, like librarians, economists and statisticians, to see what they could do to open up opportunities, make it possible for women to work on a part-time basis when they are not working full-time. We have such a woman working with us in our department who, only because she is looking after an invalid mother, can only work limited hours. She is professionally competent and well trained. We are hoping that we will be able to find competent women and make it possible. But you see what is involved. With all of our institutions here on the employment side, everything is organized on the basis of the assumption that people are working full-time, an eight-hour day, a five-day week, or in some cases even more, and in some cases even less. But these are the nor-

mal situations. It should be possible to demonstrate to many employers that they can get efficient workers who could do a good job in less than the normal work day or the normal work week, and this should be able to open up some other opportunities. This is done through research studies, and these then lead to educational work that we could do with employers and with trade unions and with married women themselves.

Senator Fergusson: You are talking about part-time work. What about full-time workers? For instance, do you feel that the Female Employees Equal Pay Act is doing what it was intended to do?

Mr. Waisglass: Well, again, Senator, for special problems you need special approaches. The Women's Bureau in our department is very conscious that a very large proportion of women need employment, but the only kind of employment they can take is part-time employment. So we have to do something about that. We are not unconscious, however, of women who also depend on full-time employment for their career.

The Chairman: No, but the question Senator Fergusson asked was: how is equal pay for equal work working for women?

Senator Fergusson: Yes, with the women, not part-time workers but who are the heads of families, who have to pay just as much for shelter and clothing as a man would.

Mr. Waisglass: I have to say that there is a law we are administering, and, to be very honest with you, it is very difficult to enforce. We have run into some considerable experiences, and now, also, we have a working group in our department of researchers studying that law and seeing what the experiences have been in other countries and other jurisdictions, to see what we can do to put more teeth into it to make it work. I do not know at this stage what can be done, but I would say it is a problem that has not escaped our attention.

Senator Carter: Well, is it working with respect to federal employees?

Mr. Waisglass: We have such a law in respect to federal employees.

Senator Carter: Yes, I know, but is it being applied federally?

Mr. Waisglass: Yes, it is being applied, but there are all kinds of evasions.

Senator Carter: Not federal evasions, but under federal jurisdiction?

Mr. Waisglass: They may not be violating the law as such, but they are getting around the purpose and intent of the law, because how do you prove that the job a woman is doing is exactly the same as a man's?

Senator Fergusson: And even so, the provision that the person who was discriminated against has to make a complaint, is still existing, is it not? The person who has been discriminated against in a matter of pay, for instance, has to lay the complaint herself? Is this the case?

Mr. Waisglass: It is very difficult to know how action can be taken by the department without having at least the complaint.

Senator Fergusson: I know, but could it not be done so that someone else could be watching to see that things like this are not taking place, and not put the burden on the person who is discriminated against? I do not know. I am wondering, could this not be done?

Mr. Waisglass: It could be done, but at tremendous expense, with some doubtful improved success to justify the extra expense. You would have to have enough inspectors to go in and investigate not just the payrolls but the actual jobs and make comparisons and evaluate the jobs.

The Chairman: But we do have inspectors for the Minimum Wage law. All Senator Fergusson is saying is: this is a fair wage law in Canada by the federal government. Why can we not have it inspected in the same way we inspect boilers to see if they work?

Mr. Waisglass: That is a good question.

The Chairman: Well, what is the answer?

Mr. Waisglass: I think the answer is largely in terms of the cost of having such an investigation staff, as against its possible effectiveness. I am not ruling it out.

Senator Fergusson: This is a rather defeatist attitude.

Mr. Waisglass: I am suggesting that these are the considerations. I am not saying I am ruling it out. But we still have to look to seek what are the best ways of doing it. We have not found the answers.

Senator Fergusson: But you are looking into it?

Mr. Waisglass: Very much so.

The Chairman: Well, while looking into it, remember this one. A single male head of a family hires a housekeeper; from his income he can claim a deduction for the housekeeper. A female head of a family under similar circumstances has no deduction. Now, if that is not discrimination, I cannot think of anything else.

Mr. Waisglass: That is a matter of concern to me personally. It is a matter of concern to our Women's Bureau, but it is a responsibility that rests on the Department of Finance, I believe.

The Chairman: No, no.

Mr. Waisglass: It is a matter of taxation.

The Chairman: I know it is a matter ultimately of taxation, but the pressure should come from the Labour Department to the Department of Taxation, not from anyone else.

Mr. Waisglass: There are women's organizations, I suppose, that are making their voices heard.

Senator Fergusson: There are.

Mr. Waisglass: Our job in the Labour Department is not to act like a labour union. I hope I have not given you that impression.

The Chairman: Tell me this, while we are just coming near the end, in our world of tomorrow we will have more and more service industries. Will not more people be employed in services?

Mr. Waisglass: The trend has been in that direction.

The Chairman: That will of necessity mean a reduction in productivity and lower wages. That is what it has meant in the past, because higher wages have come in high production areas, in industrial areas. Does it mean that or does it not?

Mr. Waisglass: It is not that simple, Mr. Senator. You see, the health services and medicine is also a service industry. The doctors and the dentists are about the highest paid in our society.

The Chairman: I was not thinking of them.

Mr. Waisglass: Some of the more sophisticated advances in technology lead to an expansion of the service industry and also

lead to higher paid employment. On the other hand, when people think of service industries, they usually think of industries like domestic service or cleaning and pressing, and shoe repair. They are the low wage industries and the kind of industries where people can enter with a minimum of training. To become a barber you go to a barber college. This is usually the first attempt when training people who do not have a job. The first level of job is getting them out of the unskilled category into the skilled. You teach him a shoe repair job or a barber job. Those service industries, because they are relatively low skilled and very highly competitive, since they are so easy to enter, tend to be very low paid. This is where collective bargaining and the minimum wage standard does provide some kind of protection, and it is important in those kinds of service industries to have those wages maintain a decent standard through either collective bargaining or minimum wage determination. But I do not think I would agree with the proposition that the extension of the service industries necessarily has to mean the expansion of low paid work. There is a mix there. I do not know exactly what it would be.

The Chairman: Has that not been our history in the past? Have these service industries not always been low paid?

Mr. Waisglass: Generally yes, like banking and finance and insurance. Largely also—perhaps it is a coincidence, and perhaps it is not—they also seem to be the least union-organized. Now, what we are finding, though, is that recent advances in union organization and collective bargaining have been bringing a lot of these people in. The hospital workers now have expanded in collective bargaining. More workers are covered there. A lot of other service industries are now coming under collective bargaining, and perhaps the disparities in the earnings between some of the service industries and the goods-producing industries will be narrowed.

The Chairman: No, but get down to my question. I am a very practical guy, a pragmatic guy. What I am trying to get at is this: I give you an example of a man who earned the minimum wage, living in a large Canadian city, and you said—I know exactly what you are driving at—and he cannot get by, he is below the poverty line.

Mr. Waisglass: That is like the taxi driver...

The Chairman: All right, I gave you that and you caught the purpose of it. Now, I ask you the question: if we are not going to have more people in the service industries, and you say yes?

Mr. Waisglass: I expect we will.

The Chairman: So these people are not highly skilled and highly trained, and they are usually minimum wage people.

Mr. Waisglass: A good many of them.

The Chairman: It follows, then, that what you are saying is that more and more people will fall below the poverty line as we go along.

Mr. Waisglass: Yes, to the extent that that type of service industry is expanding.

The Chairman: Then we have had a bad morning.

Senator Cook: That was a question I was going to ask. Remember, the Economic Council showed us there was a great improvement in people moving above the poverty line over years ago, and I was going to ask you, with your knowledge as an economist, would you look forward to that continuing? But you sort of answered it now by saying you would look forward in the future to more people going below the poverty line, rather than more people going above it.

Mr. Waisglass: No, that is not what I said. I said to the extent that you will have an expansion of employment in the low wage type service industries, you will probably have an expansion of working poverty or working poor.

Senator Cook: But speaking generally.

Mr. Waisglass: But I also then indicated that that might be offset, however, by the improvement of wages and working conditions through the spread of collective bargaining to those industries, which is also a recent trend. Some of these conditions may be mitigated also by raising the minimum wage and other standards to apply to these particular industries. These are ways in which you can cope with it, and their possibility.

Senator Cook: Speaking for myself, I certainly enjoyed this very much.

Senator Carter: Could I ask just one short question? On your Table—looking at Table 4, in Newfoundland 73 percent in 1966 were

covered by collective agreement, and in 1966 1.8 of them were getting less than the minimum wage. Now, in 1967 this has gone down a bit, 69.9, roughly 70 per cent are covered, but the percentage has gone up, the percentage getting less than the minimum wage—that is in Table 2—has almost doubled.

Now, I am wondering is that trend upwards related to the down trend in collective agreements or is it due—perhaps you cannot tell me this off hand—or is it due to exemptions, because when the Canada Labour Standards Code went into effect it made provision for certain groups and categories to apply for exemptions? I am just wondering if you could tell us now or at some other date just what that trend means.

Mr. Waisglass: I do not think there is any relationship between the figures in the two tables, no necessary relationship, but the increase from 135 workers in 1966 to 258 in 1967, which on a percentage basis is an increase from 1.8 percent of the work force at 3.3 percent, may be due to the increases of certain exempted categories and certain kinds of job, maybe handicapped workers, youths or apprentices.

Senator Fergusson: Just one that I intended to ask earlier. One of the methods employed by the workers, as you pointed out, to assist them to obtain reasonable wages, was to organize in unions, and we all agree that this has been effective, but there is still a large percentage of workers who are not unionized. Would you have any idea what the average hourly income of those people would be?

The Chairman: Ununionized.

Senator Fergusson: Unorganized, unionized.

Mr. Waisglass: That is not a figure that is possible for us to provide. We do not have wage rate figures for union workers.

The Chairman: What is the total figure, without regard to unions?

Mr. Waisglass: The average weekly wages and salaries?

The Chairman: Yes.

Mr. Waisglass: I do not recall what they are now.

The Chairman: Just over 100?

Mr. Waisglass: It would be in that area, but we do not have the figures for unions separately.

The Chairman: But Senator Fergusson wants to know—the question she asks—could you give us an answer or an approximate answer?

Mr. Waisglass: Not a global figure.

Senator Fergusson: No, we only want Canada.

Mr. Waisglass: What the average earnings are, or the average wage rates are for workers in Canada in unions, as against non-unions. We do not have them separated. We have conducted an annual survey on wage rates in our department, but we do not report the averages separately for unions and non-union.

Senator Carter: Could you get it from national accounts? You know how many are unionized and you know what they get, the ones that are unionized. You subtract that from what is left and divide by the ones not unionized in the rest of the labour force.

Mr. Waisglass: Well, there are some great difficulties in doing it. There is a possibility of running some of this raw data through computers to see what answers would come up on it, but I tell you there are some practical problems involved, because we will find out that one employer deals with a union, but it may be only for a small percentage of his work force. So that often for any one firm it is hard to tell you what the wages are for union people or non-union people.

The Chairman: Are there any other questions? May I, then, on behalf of the committee, indicate to you, Mr. Waisglass, how delighted we are that you came here. Your submission has been helpful, useful and informative. We shall, of course, take into consideration the various things that you have said that came from years and years of experience. On behalf of the committee I thank you.

Mr. Waisglass: Thank you very much.

The meeting adjourned.

APPENDIX "H"

BRIEF

TO

THE SPECIAL SENATE COMMITTEE

ON POVERTY BY

THE CANADA DEPARTMENT

OF LABOUR

Mr. Chairman and Honourable Senators, we should begin by thanking you for the opportunity to appear before this Special Senate Committee. We appreciate greatly your interest in the activities of the Department of Labour.

You have undertaken an important investigation of a complex and persistent problem. It is hoped that the attention the Committee will give to the problem of poverty will produce a valuable diagnosis and lead in time to the development of more effective preventive and remedial measures to deal with it.

Although the Department of Labour is not primarily concerned with poverty as such, and although the legislation it administers is not explicitly directed against poverty, I think it can be said that some of its programs are relevant to the interests of the Committee. For this reason, we are pleased to make a brief presentation, with some regret that we did not have sufficient time to prepare a more detailed and analytical submission. We will be pleased to provide you with any further information you may require at a later stage.

The activities of the Department to which we would like to refer are those concerned with collective bargaining, labour standards, accident prevention and compensation and discrimination in employment. In our judgment, all of these activities have an important relationship to the problem of the prevention and amelioration of poverty.

Confronted as we are with the widespread poverty that persists in our country under general conditions of prosperity after many years of economic expansion, it is difficult to resist a natural inclination to ignore our successes and exaggerate our failures. It is one of the tragedies or our times that the accomplishments of the pioneers of the war on poverty, the labour leaders and social reformers of earlier generations, are taken for granted. And we are perhaps too slow to

learn from their historical experiences, from their successes and failures.

Admittedly, much remains to be done, but it would be difficult to exaggerate the importance of what has been achieved in just the past few decades through the development of permanent labour organizations, the extension of collective bargaining, and the enactment of labour legislation.

A short look back to the 1930's will serve to remind us of the impact on poverty of advances in free collective bargaining and labour legislation. In 1933, Professors Scott and Cassidy made an investigation of *Labour Conditions in the Men's Clothing Industry*. What they reported might have been said about employment at the time in a number of Canadian industries. They concluded that "the social effects of the conditions of employment, earnings, hours, and work—have been serious in the extreme". They portrayed "at best, a picture of cramped and narrow livings; at worst, one of abject poverty and insecurity". They found "a distinct tendency for conditions to be worse in the non-union than in the union shops". And they went on to make this comment: "It is quite clear that in these establishments, where low wages, irregular work, and occasional spells of long hours prevail, there is frequently little or no concern for the ordinary physical amenities. Nothing that is not absolutely necessary is done to advance the health, the comfort or the welfare of employees".

It is obvious that the working and living conditions of Canadian labour have improved enormously since the 1930's. A good deal of the credit must be given to the spread and increasing acceptance of collective bargaining. It has not yet eliminated poverty even for all members of the organized labour force. Nor can one claim that the more satisfactory conditions of life, for those who depend upon the sale of their labour, are the exclusive result

of collective bargaining arrangements. But the efforts of workers to organize themselves into trade unions and the availability of bargaining rights have enabled many Canadians to escape from poverty.

Through their own successful efforts towards self-help, by gaining some measure of control over their social and economic environment by finding ways and means of shaping their own destiny, workers have been able, not only to improve their conditions of employment but also to develop autonomy, integrity, dignity, and self-reliance. And they grow as human beings. The escape from poverty depends upon much more than obtaining the basic necessities of food, clothing and shelter. The escape is incomplete without the realization of the conditions of a satisfying life. Trade union organizations provide workers with the opportunity to build more satisfying lives for themselves in many significant ways but, particularly important, by developing a sense of self-responsibility and by strengthening relationships of interdependence to displace the state of dependency that plagues the poor.

No less important to a worker than the higher wages and other economic benefits that his union might obtain through collective bargaining are the grievance procedures that protect him against possible arbitrary actions of his employer.

The Department and the Canada Labour Relations Board are together responsible for the administration of legislation, the Industrial Relations and Disputes Investigation Act, which protects the right of workers, in industries within federal jurisdiction, to organize in unions of their own choice and to enter into collective bargaining relationships with their employers. The Department also provides machinery, conciliation and research services, to assist the parties in the collective bargaining process.

A basic principle of the Canadian system of labour relations is that a trade union may represent the employees in a unit as their bargaining agent in relations with their employer, if in the unit appropriate for collective bargaining a majority of the employees are members of the trade union. This right is secured by the system of certification of bargaining agents.

Certification procedures were introduced in postwar labour legislation in Canada to minimize disputes over union recognition and to

stabilize representation rights during the initial period of the union's existence as bargaining agent. The legislation links to the bargaining rights, and the obligations that flow from these rights, the binding effect of collective agreements to which the certified unions are parties.

Another major objective of certification requirements is to ensure the representative nature of the union as far as the employees are concerned. To achieve certification not only must the trade union initially acquire the support of a majority of the employees, but it must also maintain their support thereafter or face the possibility of decertification and the consequent loss of bargaining rights.

Let us turn now to an examination of the poverty impact of the work of the Department in the area of labour standards.

At first glance one might wonder whether the Canada Labour Safety Code, or the Government Employees Compensation Act, or the Merchant Seamen Compensation Act, have any bearing upon the battle against poverty. Upon closer examination, however, one must come to the conclusion that the basic philosophy and approach to this one specific cause of poverty—industrial accidents and diseases—might serve as a model for general application in dealing with other causes of poverty. Industrial accidents and diseases are not as prominent a cause of poverty as they used to be, mainly because of the comprehensive manner in which they have been tackled under Canadian legislation, which provides for a program combining accident prevention, income maintenance and rehabilitation services.

Workmen's Compensation Acts have relieved many thousands of workers from worry and financial burdens which might have resulted from temporary or permanent disability caused by industrial accidents and diseases. But no less important are the accidents that have been prevented by effective safety measures and the human capabilities which have been restored through physical and medical rehabilitation services.

Before workmen's compensation schemes came into being, a worker was forced to resort to costly and lengthy civil damage suits, few of which were successful.

The Department administers the Government Employees Compensation Act, which protects federal public employees, some 260,-

000 of them, in the same way as provincial legislation protects workers in private industry. The emphasis on the restoration of injured workmen to gainful employment is characteristic of the Canadian system and makes a significant contribution towards the alleviation of poverty.

We should like now to describe briefly the principles of the minimum wage, which is an important feature of the federal labour standards law. No doubt much of what we say might also be said about provincial minimum wage laws, but we can of course speak only for the Canada Department of Labour. It can be easily seen that what we have to say concerning the minimum wage can, in good measure, be applied to standards of maximum hours and minimum vacation time and holidays with pay.

In the attack on poverty, which must be waged on many fronts, federal and provincial minimum wage laws have made a significant contribution. As the Honourable Senator Croll said in the Senate on March 3, 1965, in referring to the bill that subsequently became the Canada Labour (Standards) Code:

This bill goes a long way to establish a sound economic base for all Canadians. Though it does not do anything for the better-off majority who possess union negotiating strength, it does help the minority. It can and should be viewed as an instrument of social policy, in that it aims to create more jobs and raise living standards. . .

We would respectfully amend the Senator's statement only by suggesting that the minimum wage also helps the unionized worker by modifying to some extent competition from low-wage employers.

One should hope that minimum wage rates should be maintained at levels that will enable workers to support their families and maintain their health, dignity, efficiency and self-respect. The most serious restraint on upward movement in the minimum wage is the risk of pricing jobs out of the market. Beyond a certain point, the benefits of higher minimum wage rates might be more than offset by job losses, with a consequent net aggravation of poverty. The ideal is to be able to replace with higher-productivity jobs, any jobs which are displaced by higher minimum wage rates. The greater the prospects for creating higher-productivity jobs the more quickly can minimum rates be raised without increasing significantly the risk of greater

unemployment. It is no easy matter, however, to predict with precision the effects upon unemployment of any given increase in minimum wage rates.

It can be said with some confidence, however, that lower minimums or no minimums would not solve the unemployment problems. And even if the reduction or elimination of minimum wages served to eliminate some unemployment, it would not eliminate poverty. It would simply aggravate the conditions of the poor.

The present federal minimum wage of \$1.25 per hour was set at a fortunate time when the economy was in a prolonged period of expansion, when employment opportunities were continuing to expand and productivity was rising. In these circumstances, the minimum wage did not have the adverse effects some might have feared. For the working poor, in aggregate, the income gains from the higher wage rates have been far greater than the employment losses.

Thus, among the economic considerations favouring the minimum wage are the broader-based consumer purchasing power, the stimulus to employer efficiency in the use of labour, the movement of workers from unproductive to more productive jobs, and a more equitable distribution of rising national income.

The Minister of Labour has said that the minimum wage rate should be reviewed periodically. Such a review is currently under way.

How do humanitarian considerations affect minimum wages? The critical dilemma is in choosing a minimum wage rate that would provide adequate protection and fair treatment for unskilled workers generally, without excluding from part-time and full-time employment a great number of physically handicapped, illiterate and culturally deprived people who still have the desire, the need and the ability for productive work, yet can not compete effectively for the least skilled jobs.

Such workers, who are generally at or near the margin of the labour market, should not have to choose between work or welfare, when they can't get an adequate income from either. In order to improve their incomes (and just as important, their self-reliance, dignity and integrity) they should be able to supplement their welfare incomes by employment.

The Department of Labour also has a commitment to fight one of the most harmful and socially debilitating barriers to gainful employment, that of discrimination. The denial of work opportunities to minority groups is widely accepted as a major cause of poverty.

The Department is responsible for the Canada Fair Employment Practices Act which forbids discrimination, in employment, hiring practices and trade union membership, based on race, colour, religion or national origin. Its enforcement relies on complaints of violation of the Act.

The Department is also responsible for the Female Employees Equal Pay Act.

Women form one-third of the Canadian labour force yet their full economic potential and contribution to the welfare of this country is not being realized.

More than half of the working women are married. For women with young children a very serious employment obstacle is the lack of adequate day care facilities. In addition, there is a substantial number of women on welfare who, because of widowhood, desertion or disability of husbands are heads of families. This is a matter of concern for the Women's Bureau of the Department, although responsibility rests with other agencies at all levels of government.

It is our aim to create an atmosphere among employers, employees and trade unions as well as the general public which will enable women to achieve equality of pay and opportunity in employment and training, to enable them to play their full role in the economic and social development of this country.

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C	Employment in Establishments Under Federal Jurisdiction.
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E	Percentage of Employees Covered by Collective Agreements in Industries under Federal Jurisdiction in 1966 to 1968, by Industry Group.
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G	Legislation Administered by the Canada Department of Labour

APPENDIX A

TABLE 1

NUMBER AND PERCENTAGE OF EMPLOYEES EARNING LESS THAN
\$1.25 PER HOUR IN ESTABLISHMENTS UNDER FEDERAL JURISDICTION
FOR SELECTED INDUSTRY GROUPS, CANADA,
May 1965-JUNE 1967

Industry Group	Number and Percentage of Employees Earning Less Than \$1.25 per Hour					
	May 1965		May 1966		June 1967	
	No.	%	No.	%	No.	%
Rail Transportation.....	1,615	1.2	182	0.1	75	0.1
Road Transportation.....	825	3.2	448	1.7	416	1.1
Water Transportation.....	638	4.5	312	2.2	142	0.9
Telephone Communication.....	2,532	5.4	1,101	2.1	659	1.3
Radio and T.V. Broadcasting.....	581	3.7	195	1.3	145	0.9
Grain Elevators and Grain Milling.....	2,107	9.9	1,037	4.5	1,077	3.8
Banking.....	14,421	23.5	861	1.1	50	0.1
Railway Hotels.....	905	58.9	—	—	156	7.2
Establishments under Federal Jurisdiction.....	24,447	6.4	4,460	1.1	3,097	0.7

SOURCE: Canada Department of Labour, Economics and Research Branch, Special Survey, Distribution of Wage and Salary Rates, 1967.

APPENDIX B

TABLE 2

NUMBER AND PERCENTAGE OF EMPLOYEES EARNING LESS THAN \$1.25 PER HOUR
IN ESTABLISHMENTS UNDER FEDERAL JURISDICTION,
BY PROVINCE AND REGION, CANADA,
MAY 1965-JUNE 1967

Province and Region	Number and Percentage of Employees Earning Less Than \$1.25 Per Hour					
	May 1965		May 1966		June 1967	
	No.	%	No.	%	No.	%
Newfoundland.....	715	9.5	135	1.8	258	3.3
Prince Edward Island.....	175	15.7	100	8.1	75	5.4
Nova Scotia.....	1,629	13.0	266	1.9	686	4.7
New Brunswick.....	979	8.4	179	1.4	150	1.3
Atlantic Region.....	3,498	10.8	680	1.9	1,169	3.3
Quebec.....	6,583	6.6	1,500	1.4	836	0.7
Ontario.....	7,540	5.4	1,472	1.1	649	0.4
Manitoba.....	1,663	5.3	232	0.8	170	0.6
Saskatchewan.....	1,218	8.6	151	0.9	88	0.6
Alberta.....	2,129	9.1	273	1.0	141	0.5
Prairie Region.....	5,010	7.2	656	0.9	399	0.6
British Columbia.....	1,812	4.6	152	0.4	44	0.1
CANADA.....	24,447	6.4	4,460	1.1	3,097	0.7

SOURCE: Canada Department of Labour, Economics and Research Branch, Special Survey, Distribution of Wage and Salary Rates, 1967.

APPENDIX C

EMPLOYMENT IN ESTABLISHMENTS UNDER FEDERAL JURISDICTION

Province	1965	1966	1967	1968
Newfoundland.....	7,534	7,398	7,899	7,827
Prince Edward Island.....	1,118	1,234	1,400	1,696
Nova Scotia.....	12,485	13,896	14,514	13,337
New Brunswick.....	11,712	12,327	11,689	13,603
Quebec.....	99,821	109,962	124,870	127,113
Ontario.....	139,501	137,494	147,589	150,867
Manitoba.....	31,626	28,693	30,083	32,561
Saskatchewan.....	14,223	16,239	15,674	13,932
Alberta.....	23,350	25,115	26,405	26,544
British Columbia.....	39,139	37,940	50,236	47,483
Yukon and Northwest Territories.....	630	710	241	1,857
Outside Canada.....	817	305		
Total.....	381,956	391,313	430,600	436,820

*Preliminary Data.

SOURCE: Canada Department of Labour, Special Wage Survey.

Prepared: 7 May 1969

APPENDIX D

PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS IN
INDUSTRIES UNDER FEDERAL JURISDICTION
IN 1966 TO 1968, BY PROVINCE

Province	1966	1967	1968
Newfoundland.....	73.1	69.9	N/A
Prince Edward Island.....	45.5	66.4	N/A
Nova Scotia.....	57.1	55.3	N/A
New Brunswick.....	68.7	61.1	N/A
Quebec.....	55.0	55.9	N/A
Ontario.....	53.6	55.6	N/A
Manitoba.....	57.1	58.0	N/A
Saskatchewan.....	55.7	57.1	N/A
Alberta.....	44.8	46.1	N/A
British Columbia.....	61.5	61.4	N/A
Yukon and Northwest Territories.....	35.4	41.5	N/A
Outside Canada.....	70.2	—	N/A
Total.....	55.6	56.5	

Prepared: 7 May 1969

APPENDIX E

PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS IN
INDUSTRIES UNDER FEDERAL JURISDICTION
IN 1966 TO 1968, BY INDUSTRY GROUP

Industry	1966	1967	1968
Rail Transportation.....	84.3	83.4	N/A
Air Transportation.....	59.8	65.5	N/A
Road Transportation.....	53.1	56.0	N/A
Water Transportation.....	72.2	77.4	N/A
Services Incidental to Water Transportation.....	75.2	75.6	N/A
Pipeline Operations.....	—	23.0	N/A
Telephone Communications.....	72.1	69.5	N/A
Cable Communications.....	64.3	71.6	N/A
Radio and T.V.....	42.9	35.6	N/A
Grain Elevators and Grain Milling.....	36.2	30.1	N/A
Banking.....	—	—	—
Railway Hotels.....	87.9	63.3	N/A
Uranium Mining.....	79.5	78.3	N/A
Federal Crown Corporations Manufacturing.....	42.0	65.6	N/A
Others.....	25.6	72.3	N/A
Yukon and Northwest Territories.....	43.6	—	—
Miscellaneous.....	63.7	79.9	N/A
Total.....	55.6	56.5	N/A

Prepared: 7 May 1969

APPENDIX F

GENERAL MINIMUM WAGE RATES FOR EXPERIENCED WORKERS

JURISDICTION	RATES
Federal.....	\$1.25 an hour
Newfoundland.....	Workers 19 and over: \$1.10 an hour (men); 85¢ an hour (women)
Prince Edward Island.....	men over 18: \$1.10 an hour ¹ women: 85¢ an hour, increasing to 95¢ on July 1, 1969
Nova Scotia.....	Workers 18 and over: men: \$1.15 an hour, Zone I ² \$1.05 an hour, Zone II ² women: 90¢ an hour, Zone I 80¢ an hour, Zone II
New Brunswick.....	\$1 an hour ³
Quebec.....	Workers 18 and over: \$1.25 an hour, Zone I ^{4,5} \$1.15 an hour, Zone II ^{4,5}
Ontario.....	\$1.30 an hour ⁶
Manitoba.....	Workers 18 and over: \$1.25 an hour
Saskatchewan.....	Workers 17 and over: \$1.05 an hour, ten cities ⁷ 95¢ an hour, rest of province
Alberta.....	Workers 18 and over: \$1.25 an hour
British Columbia.....	\$1.25 an hour ⁸

NOTE: ¹Food processing plants: 90¢ an hour

²Zone I—Halifax-Dartmouth, Sydney and Glasgow and surrounding 10-mile radius and Truro, Amherst and Yarmouth and surrounding 5-mile radius
Zone II—rest of province

³\$1.25 an hour for sawmill operations

⁴Zone I—Greater Montreal area;
Zone II—rest of province

⁵Hotels and restaurants—\$1.05 an hour, Zone I; \$1 an hour Zone II

Sawmills—\$1.25 an hour, Zone I; \$1.15 an hour, Zone II

Woodworking plants—\$1.30 an hour, Zone I; \$1.20 an hour Zone II

Skilled employees in sawmills and woodworking plants—15¢ more

⁶Construction—\$1.55 an hour—Hotels, restaurants, etc.—\$1.15 an hour; \$1.30 from October 1, 1969

⁷Estevan, Melville, Moose Jaw, North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Weyburn and Yorkton and 5-mile radius

⁸\$1.50 an hour in sawmill and woodworking industries

APPENDIX G

LEGISLATION ADMINISTERED BY CANADA DEPARTMENT OF LABOUR

Canada Labour (Standards) Code

Canada Labour (Safety) Code

Industrial Relations and Disputes Investigation Act

Fair Wages and Hours of Labour Act

Canada Fair Employment Practices Act

Government Annuities Act

Female Employees Equal Pay Act

Government Employees Compensation Act

Merchant Seamen Compensation Act



First Session—Twenty-eighth Parliament

1968-69

THE SENATE OF CANADA

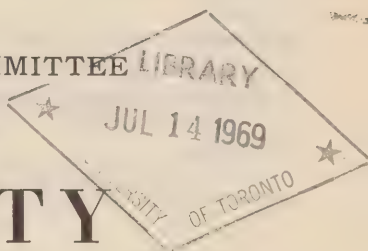
PROCEEDINGS

OF THE

SPECIAL SENATE COMMITTEE

ON

POVERTY



The Honourable DAVID A. CROLL, *Chairman*

No. 8

THURSDAY, MAY 29, 1969

WITNESSES:

From Department of Consumer and Corporate Affairs: Mr. J. F. Grandy, Deputy Minister; Dr. Warren James, Director of Research Branch; and Mr. Earl C. Savage of the same Branch.

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman.*

The Honourable Senators:

Bélisle	Inman
Carter	Lefrançois
Cook	McGrand
Croll	Nichol
Eudes	O'Leary (<i>Antigonish-Guysborough</i>)
Everett	Pearson
Fergusson	Quart
Fournier (<i>Madawaska-Restigouche,</i> <i>Deputy Chairman</i>)	Roebuck
Hastings	Sparrow

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

Thursday, May 29, 1969

Pursuant to adjournment and notice, the Special Senate Committee on Poverty met at 9:35 a.m. this day.

Present: The Honourable Senators Carter, Cook, Croll, Everett, Fergusson, Inman, LeFrançois, McGrand, O'Leary (*Antigonish-Guysborough*), Pearson and Quart. (11)

In Attendance: Mr. Frederick Joyce
Director,
Special Senate Committee on Poverty

A brief submitted by the Department of Consumer and Corporate Affairs was ordered to be printed in the Committee's records. (*See Appendix "I" to this day's Proceedings.*)

The following witnesses were introduced and heard:

From the Department of Consumer and Corporate Affairs:

Mr. J. F. Grandy
Deputy Minister

Dr. Warren James
Director of Research Branch

Mr. Earl Savage
Member of Research Branch

(Biographical information respecting these witnesses follows these Minutes.)

At 12:30 p.m. the Committee adjourned until 9:30 a.m. on Tuesday, June 3, 1969.

ATTEST:

E. W. Innes
Acting Clerk of the Committee

BIOGRAPHICAL INFORMATION

James Frederick Grandy, B.A., B. Phil., Deputy Minister of The Department of Consumer and Corporate Affairs, has been a member of the Federal Government Public Service since 1948 when he joined the Department of External Affairs.

He subsequently served in the Department of Finance, the Privy Council Office, and the Department of the Registrar General before assuming his present duties in December, 1967, on the creation of the Department of Consumer and Corporate Affairs.

Born in Fort William, Ontario, in 1919, Mr. Grandy attended University of Western Ontario from 1937 to 1941, graduating with a Bachelor of Arts degree (Honour Economics and Political Science).

A Rhodes Scholar, he studied at Oxford (Christ Church) in 1946-48, receiving a B. Phil. degree in economics.

In 1941-46, Mr. Grandy served with the Royal Canadian Artillery in the United Kingdom and Northwest Europe.

He joined the Department of External Affairs in 1948, serving in Ottawa and in Canada House, London, until 1957 when he was transferred to the Department of Finance, and from 1963 to 1964 was Assistant Secretary to the Cabinet, in the Office of the Privy Council.

His next move was to Assistant Deputy Minister of Finance, leaving that post in 1967 to become Deputy Registrar General.

In December, 1967, Mr. Grandy became the first Deputy Minister of the new Department of Consumer and Corporate Affairs.

Married, with three children, he resides at 920 Muskoka Avenue, Ottawa.

* * * * *

Robert Warren James, a member of the Public Service of Canada for the past 25 years, is the first Director of the Consumer Research Branch of the Department's Bureau of Consumer Affairs.

Born in Edmonton, Alberta, Dr. James attended the University of British Columbia, the University of Toronto, the University of Chicago and Columbia University.

He was Chief Secretary, Department of National Defence (1961-64). He attended National Defence College in 1964-65, and returned to serve as Director General of Service Personnel Benefits, Department of National Defence, in 1965-66. Since July, 1967, he has been responsible for consumer research in the Department of Consumer and Corporate Affairs.

During 1966-67, Dr. James, on loan from the Department of National Defence, acted as Special Assistant to the Special Joint Committee of the Senate and House of Commons on Consumer Credit (prices).

He is author of a number of books and papers dealing with political economy including a two-volume work titled, "John Rae, Political Economist."

Married, with three children, he resides at Hundalee Farm, Carsonby, Ontario.

* * * * *

Earl Chisholm Savage has been a member of the Public Service of Canada since 1951 with the exception of a two-year period spent with Canadian General Electric Company, Peterborough.

Born in Cartwright, Manitoba, Mr. Savage attended the University of Manitoba, the University of Toronto and Harvard University.

He was Assistant Professor of Economics at Brandon College, Brandon, Manitoba (1946-1951). He served as Economist in the Economics Branch, Department of Trade and Commerce, and with the Tariff Board of Canada before spending two years in the Civilian Atomic Power Department, Canadian General Electric Company. From June 1959 to September 1968 he was the Economist of the Restrictive Trade Practices Commission and joined the Consumer Research Branch of the Department of Consumer and Corporate Affairs on October 1, 1968.

Married, with two children, he is a resident of Ottawa.

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Thursday, May 29, 1969.

The Special Senate Committee on Poverty met this day at 9.30 a.m.

Senator David A. Croll (*Chairman*) in the chair.

The Chairman: Honourable Senators, the brief you have is from the Consumer and Corporate Affairs Department. (See Appendix "I"). Our witness is Mr. J. Frederick Grandy, Deputy Minister of the Department. He has been a member of the public service since 1948 when he joined the Department of External Affairs. He is a Rhodes scholar, and he is a veteran. He has had experience in Finance and the Privy Council.

With Mr. Grandy is Dr. Warren James who is very well known to all of us. He is Director of the Research Branch. With him is Mr. Earl Savage, a member of the branch.

I thought we would permit Mr. Grandy to speak for about 20 to 25 minutes, and I would ask honourable senators to hold their questions until he is finished. Then the questioning will rotate.

Mr. J. F. Grandy, Deputy Minister, Department of Consumer and Corporate Affairs: Mr. Chairman, honourable senators, I will pick out some of the highlights from the brief which has been circulated rather than read it all in detail. I think it would be worthwhile if I read through the summary at the beginning and then picked up some points later on.

The poor tend to be inefficient consumers due to a lack of available cash with which to buy in large quantities, to inadequate access to evaluations of consumer products, to low reading ability and to certain psychological traits. These inadequacies constitute a growing handicap in face of the increasing complexity of many consumer products. Many deprived persons are vulnerable to misleading advertising, to high pressure salesmanship, to 'bait and switch' tactics. They are prone to impulse buying and they neglect price calculations and price quality comparisons. In buying food they may be prevented from buying at the lowest prices. Their ideas of nutrition may be inadequate. They may purchase too expensive forms of life insurance. They may buy furniture and appliances from

the more expensive outlets and prefer more expensive to less expensive models of appliances. Many of their most serious problems flow from a lack of understanding of the nature of credit and of contracts, to their forced reliance on the most expensive sources of credit, and to its overuse. Several disagreeable consequences may follow. Poor persons find it difficult to obtain redress of legal grievances. Their purchases of automobiles are apt to be a source of trouble.

Elderly persons in low income groups have a number of special problems. Their real income may shrink while their medical expenses increase. Finding suitable products and availing themselves of the lowest prices may be difficult for them, and they may be the victims of practitioners of certain types of fraud.

Such general remedies as maintaining the general level of employment and income, attacking regional poverty, and improving welfare legislation, while necessary and desirable, are not sufficient to change uneconomical consumption patterns. Some formal education in consumer matters is necessary. Informational radio and television programs, discussion groups, and pamphlets can be used in consumer education outside the school and university systems. A number of government measures also aim at informing and protecting the consumer.

That is the broad theme of this paper. I will pick out a few of the highlights and explain their significance.

Just as poverty exists when the individual worker's productivity is deficient, some of the same factors which make an individual relatively inefficient as a producer also make him inefficient as a consumer. These are the problems you are already familiar with, low level of literacy, low level educational attainment, and psychological handicaps. The same factors that tend to make those who have been brought up in poverty less capable of fitting into our modern economic life, also make it more difficult for him to be an efficient consumer.

The poor consumer tends not to realize that he pays more if he buys on time. He often does not fully understand the idea of interest or the meaning of a contract. He does not think in terms of a total price but often instead he thinks in terms of the size of the monthly payment. He does not read labels, compare

prices or compare per unit prices. And, if he is from a traditional or rural background, he may not read newspaper advertisements regularly to find out what the current prices are in a comparative way.

He is inclined to be fatalistic about a bad purchase when he realizes he has made one. The low income person lacks self-confidence and has a low level of self-esteem, and these characteristics make him vulnerable to the blandishments of salesmen who induce him to buy by flattering his ego. Generally he is prone to impulse buying and he is vulnerable to fraud and deception.

Moreover, low incomes may result in poor nutrition which prevents good performance on the job and limits advancement. So you have here again the phenomenon of poverty perpetuating itself. Children who are improperly nourished in infancy may suffer impaired mental development but, even if that does not happen, they are apt to have low energy levels and poor achievement levels and frequently leave school early. One escape route from this vicious circle obviously lies through education and training which would both improve productivity of workers and also improve their efficiency as consumers.

Perhaps I should elaborate on the point about the poor being inefficient consumers. I suppose one of the most important factors here is the growing complexity of the products of modern industry. Many products now commonly used in the home are produced by complex chemical, metallurgical or physical processes and incorporate mechanisms or ingredients that are beyond the ability of the majority of people to understand or to evaluate. Indeed many people cannot use them properly without specific and detailed instructions. Where fifty or one hundred years ago the ordinary person, even if he was a poor person, by and large could evaluate the kinds of products that were available to him, this simply is not the case today.

Those with higher income levels tend to get their information about these products from a variety of sources, from magazines, newspapers, from advertising which is informative, and they tend, by reading the daily newspapers, to see where the bargains are and to compare prices. Many of the poverty-stricken do not have access to this kind of evaluation because they often do not read newspapers or get hold of magazines or books which might help them. Indeed they often have a low level of reading comprehension and in many cases would not understand the full significance of what they are reading.

The problem of comparison shopping is one where the consumer, if he is really poor, is at a serious disadvantage, partly because in the first place he is not doing his comparisons in the newspaper advertisements and so on, and partly because he is not in a position to go from one supermarket to another by car. He does not have a car. It is expensive to travel by

bus and it is a good deal of trouble. Consequently, the poor consumer is often confined in his shopping to local stores and in some cases to the small corner store which is not in a position to offer as good prices as the modern supermarket.

When purchasing food many of the low income group tend to make their purchases inefficiently from the point of view of nutrition in relation to price, perhaps because of inadequate knowledge. We have some examples in the brief of the various ways in which one can buy animal proteins. For example, you can buy veal cutlets at \$2 or more a pound or sirloin steak at \$1.69 a pound or ground round steak at \$1 per pound or chicken at 49¢ to 79¢ a pound or haddock at 59¢ a pound. Most of the nutritional value of milk is available in the form of powdered skim milk at a fraction of the cost of the whole milk which is delivered at the door.

Many of the low income consumers are not aware of the existence of the cheaper foods, which are perfectly adequate, and many of them are not aware of the nutritional requirements of a balanced diet, so that you get not only a problem of buying unnecessarily expensive food but also too heavy a consumption of rich or starchy or fatty foods and neglect of foods with the right vitamins.

In the field of insurance I think it is fairly obvious that the low income person is the one who most needs insurance but is also the one who is least able to buy it. His lack of knowledge of the various types of insurance will frequently mean he buys a type of insurance which is too expensive for him in relation to his needs or his capacities.

As to furniture and appliances, some of our conclusions are based on some studies in the United States, and we cannot say that these apply equally to Canada, although there will obviously be similarities. One study in New York City, for example, indicated that the pattern of purchases by low-income families of durable goods reflected the stage of the life cycle they were in, that they tended to buy new rather than second-hand furniture, that they tended to buy sets rather than single items, and that they tended to buy the more expensive models of appliances. There was a strong tendency to buy major durable goods from neighbourhood stores because of a lack of adequate transport, the need for credit, and a general lack of sophistication in consumer matters.

A specialized system of retailing has grown up to serve and exploit this market where the price tags were absent from the goods, the prices charged were high, the quality was low, reconditioned furniture was sold as new furniture, and "bait and switch" tactics were commonly used. In addition, their use of credit involved high interest rates on instalment sales contracts. This leads rather logically into the whole problem of

credit which is one of the most important problems in this field of the low income consumer.

Sometimes the poor people use credit in a vain attempt to raise their standard of living. They have no hope of raising it in any other way so they use credit in the mistaken belief that this increases their real standard of living. This, of course, multiplies their problems. They tend to have access only to the more expensive sources of finance because naturally they have poor credit ratings. For example, about 50 per cent of all those who apply for small loans to the small loan companies or money lenders are rejected.

Those are the small loans which are governed by an Act of Parliament. There are certain maximum costs of borrowing built into the Act to protect the borrower on small loans of up to \$1,500. If about 50 per cent of all those who apply for these loans are rejected it is clear that many of the poor who have poor credit ratings are driven into the much more expensive sources of credit, if they are able to obtain credit at all.

One of the forms of credit that people in this position are apt to get drawn into is the conditional sales contract and, as I mentioned earlier, many of the low income consumers do not understand what is involved when they enter into an instalment sales contract. Frequently they undertake commitments which are too heavy in relation to their incomes and then they are in a position where they can be in real difficulty if there is a sudden emergency such as a death in the family or unemployment or ill health. This may result in repossession of the merchandise by the seller or by the acceptance company to which the original seller may have sold the conditional sales contract or the promissory note that may have been used in connection with the sale.

If the holder of these instruments fails to recover the total amount owing to him after re-sale of the repossessed goods, he may seek a judgment against the borrower which may in turn lead to garnishment of his wages. That creates another problem because in a number of cases the employer finds the garnishment process annoying and sometimes discharges the man rather than go through with the garnishment procedure, which is a little bit of a nuisance for the employer. So he may get into a kind of vicious circle involving expensive credit, garnishment of wages, loss of job, another job, and so forth.

Some consumers are in a state of virtually permanent indebtedness and often in recent years consumers have made a practice of borrowing sums of money sufficient to pay off existing debts and to give them a little bit of a cushion. This usually goes under the name of refinancing or consolidating one's debts. The result of it usually is to add to the debt and merely postpone the day of reckoning.

Perhaps one more word about the conditional sales contract where the promissory note is used in conjunction with it. The consumer is apt to suppose that if the product he buys under a conditional sales contract, when he has signed a promissory note, is unsatisfactory, that he can get redress simply by stopping payments on the note. The fact, as you know, is that the note normally gets assigned to a finance company or a bank or some other institution which then becomes a holder in due course and has no obligation to the original purchaser of the goods at all.

Senator Everett: Are you suggesting that if it were not assigned it would be any different?

Mr. Grandy: I suppose as a practical matter, it might if the consumer had a defence against the holder of the note. The worst case is if the product is not even delivered. You have signed your conditional sales contract and your promissory note and you expect delivery of the goods within a few weeks and you do not get them. If the holder of the note in that case were the original seller then, if the seller tried to collect on the note, you would have a defence in court on the ground that the goods had not been delivered. If the note has been assigned to a third person who has become a holder in due course his rights against the person who signed the note no longer have any relation to the original transaction.

Senator Everett: I did not mean to interrupt, but they would be no better than the vendor's rights. You cannot assign away an obligation in law.

Senator Cook: That would be pretty rare, would it not?

The Chairman: For non-delivery?

Senator Cook: Yes.

Mr. Grandy: Well, I took the worst case, the extreme case of non-delivery.

The Chairman: It would be usually faulty goods.

Mr. Grandy: Yes, that is the usual one.

The Chairman: Proceed, please.

Mr. Grandy: At any rate, the point we are trying to make is that the ordinary purchaser does not really realize that in signing the promissory note he may have created an obligation which may be transferred to a third person who will still have full legal rights against the person who signed the note.

There are special problems, too, facing the low income consumers who buy used cars. First, I suppose because those with small incomes are most likely to

buy the cheapest used cars, which are often the most expensive to run. Second, again they usually involve high finance charges.

There are special problems for the elderly among the low income consumers. Some of these are the same problems, only magnified by the fact that the elderly are apt to have lower real incomes, whether because of the effect of gradual inflation on their actual income, if they have pension income, or because their health costs are apt to be much higher than for the younger person. Some of these problems will be mitigated to some extent by the provision of hospital insurance and medical care by the various provincial governments, but even so the health problems and the medical problems are apt to be a continuing source of concern for the elderly consumer.

Poor hearing or loss of hearing, to take one particular example that has received a good deal of attention, has led many people, particularly the elderly, to purchase hearing aids. With few exceptions, the complaints that are received about hearing aids come from the old age pensioners or other older people on fixed incomes. Sales of hearing aids have been associated in some cases with exorbitant prices, fraudulent advertising, verbal misrepresentation, lack of service, faulty diagnosis, non-delivery, and refusal to refund money for unsatisfactory equipment. Some of the complaints are not justified, but a high proportion of them are. Even though the majority of firms in the business are responsible and ethical, the unethical minority have been able to exploit persons who are not in a strong position to defend themselves.

There are a number of other examples in the brief about the other problems facing the elderly and I will not try to go through them all because of the time it would take. I think one important factor is the problem of deteriorating eyesight in relation to the need to read labels and to read newspapers, the need to get information about consumer products. This again is a disability that many of the poor have early in life for different reasons, but it is one that increases with age because of the problem of failing eyesight.

We have mentioned some of the particular types of fraud that are apt to be perpetrated on the elderly poor. Contracts for home improvements, at exorbitant prices, are one. Real estate frauds promoting a piece of property in some distant place which may turn out to be a swamp, are another. A third type of fraud takes advantage of the laudable desire of many elderly people to engage in some form of constructive activity and the desire to supplement their pensions. These schemes usually involve a substantial initial layout of capital. Prospects of profits are held out which are unrealistic and somehow the notion is conveyed that no great skill is required to pursue this activity which will supplement their income.

Finally, we refer here to the problem of funeral expenses.

This is a survey of the problems of low income consumers. In the final pages of the brief we have talked a little bit about programs to deal with them. It is not for us to go into the problem of how you maintain their income, which is really a matter for other departments.

We do reach a tentative conclusion here that the existing programs may require examination to discover possible gaps in coverage or instances in which programs may fail to provide for those who need help most. We are not really trying to go into the problems of regional development or any of those things in any depth.

I think it will be clear from some of the things that have been said earlier in this brief that consumer education is obviously one of the programs that has to be relied upon in dealing with the problems of the low income consumer. The consumer needs much more information and more ability to understand things like nutrition, the selection and quality of various kinds of clothing and fabrics, how to buy appropriate furniture, appliances, and automobiles. If the people are of an income level where they can afford any kind of automobile or if they need it in their work, they particularly need education about the nature of credit and of contracts and the cost of credit from various sources and the pitfalls of instalment buying as well as the desirability of setting priorities in family expenditures, budgeting, and limiting indebtedness to their ability to pay.

One of our conclusions here is that some of these issues ought to be introduced into the formal education system no later than the high school level. This is a matter within provincial jurisdiction and some of the provinces are working on it. I know they are all interested in it because we had some discussion of it at the federal-provincial conference on consumer affairs. I think we have a role to play, not in terms of trying to tell the provincial governments what we think they should be doing in education, but rather in terms of the cooperative production of material, of textbooks and so on, and acting as a sort of catalyst and coordinator to the extent that they would like us to do so.

We have mentioned in our brief our consumer information service and the complaint service which is available to any consumers who want to write. We have mentioned a number of other legislative steps, all of which I think the senators here will be familiar with: the Bill to provide for compulsory licencing of drugs, for example; the provision in the omnibus Criminal Code Bill to transfer the provisions about misleading advertising into the Combines Act where we can administer them; some proposals we have in our minds for textile fabric labelling; some voluntary programs for children's garment sizes and care-label-

ling of materials and clothing; and the Hazardous Products Act, which you are familiar with. We are making special studies of the whole problem of the role of the promissory note in relation to the conditional sales contract. We have been doing a special study on hearing aids and the results of that should be ready late this summer.

I think perhaps that is enough to introduce the subject. I am sorry it has taken so long.

The Chairman: I have Senator Carter's name first.

Senator Carter: Thank you, Mr. Chairman. This brief has dealt with the poor as consumers and it has set forth the educational handicaps where the poor are poorly educated, unable to read or write, do not read the papers or magazines and are therefore unaware of bargains, unable to evaluate and compare prices, unable to judge nutritional values of different foods, unable to understand contracts or their interpretation, their rights vis-a-vis the manufacturer or the vendor, poor credit risks and therefore an easy prey to sharks.

What interested me most, I think, in this brief is that it goes on to describe some of the psychological handicaps that flow from these educational handicaps and also some of the attitudes. For example, the psychological handicap of lack of confidence in himself, having a low level of self-esteem and therefore there is an innate desire in them to want to belong or to want to feel important and therefore are easy prey to somebody who inflates their ego, and then from that develop an attitude of cynicism.

As I was listening to Mr. Grandy it occurred to me that immigrants when they come to this country in many cases suffer severe educational handicaps in that they are unable to read labels, they are unable to compare prices, and they do not read magazines and they are almost in the same boat in many respects as those to which the brief has reference, but they do not seem to suffer these psychological handicaps or develop these attitudes. I was wondering if you had given any thought to this, as to why that is so?

Then on page 5 there is a statement in the first paragraph, some six or seven lines down: "There is some evidence that these huge barriers can be surmounted." I presume you are not referring only to the educational barriers, you are referring to the psychological barriers and the attitudes which I think are tremendously important if we are going to come to grips with this problem of poverty.

I wonder if the witness could go on and make some comment as to what evidence there is that these barriers can be surmounted and how he thinks it can be done and through what routes? Shall we just confine it to the children? It seems to be difficult to put the elderly people back into school. Apparently some-

where in there there is a group that can be helped apart from the children. I would like to get his ideas on that.

Mr. Grandy: First, sir, I should speculate on the question of the immigrants, and it is speculation because I don't think we studied that question as such. I suppose part of the difference may be that the immigrant frequently comes into this country with certain skills he has acquired and therefore he has that much initial self-confidence and pride in his ability to perform. This may be lacking in the person who has been brought up in an atmosphere of poverty and has not acquired a skill at all.

Senator Carter: There is something permanently damaging to a person's spirit and soul when he lives in a poverty environment. That is what I was referring to.

Mr. Grandy: Yes, that is right.

Senator Carter: Apparently he has not been exposed to that and therefore he has not suffered permanent injury—I should not say permanent because you say it can be helped—this severe injury which somehow has to be rehabilitated if we are going to help people in this category.

Senator Cook: A lot of immigrants have been very poor but they have broken out from that environment.

Mr. Grandy: Yes.

Senator Cook: Those are the special ones.

Mr. Grandy: Of course they vary. Many of them have had some drive, some initiative, or they would not have tried to come here in the first place. That in itself reflects a psychological determination of an individual to improve his position. That is not always true of some of the ones who come in as relatives but, by and large, I think it is true.

On the other point, I think I would like to ask Mr. Savage to develop it further. The problem is how one can break down some of these barriers.

Mr. Earl Savage, Department of Consumer and Corporate Affairs: Mr. Chairman, there seems to be a body of opinion which has been developed in certain parts of the United States to the effect that rather special techniques of dealing with low income groups are required. One of the reasons for this is that many of the really poverty-stricken people have a very antagonistic attitude towards the institutionalized welfare systems which constantly pick them over, supervise them, guide them, direct them and order them about.

It seems that one of the complications is that successful attempts to reach out to the poor have to be divorced from the formal welfare agencies and put in the hands of more volunteer groups. Some of the special techniques used do not rely on the printed word. It has been found in some instances that provision of flyers or pamphlets, even when these are written in very simple language, written in Spanish or some other language which is the language of the group they are trying to reach, are simply not read or, if they are read, they elicit no response. And one of the things which has been found effective is, first of all, to get groups of people together in surroundings that are familiar to them, not in a public building but in an apartment building or in a settlement house where they are accustomed to going and where they will be at home. There has to be a very careful choice of the language used because certain words or certain phrases may have a different meaning to the one group from what is understood by the person who is trying to speak to them.

Even the arrangement of chairs in the room has to be looked at. Perhaps they need to be arranged in a circle so that the social worker does not appear standing aside from them or in any way appears to be dominating them. Another attitude that has to be carefully cultivated is that of learning from the poorer people because in some cases they have more insight into their own problems than the person who is trying to help them.

Senator Carter: Could I say here that in your brief you give a hint as to what you have in mind, that somehow you get them involved and you get them to organize themselves to attain certain goals that they see for themselves can be reached? But how do you get them to see those goals? What goals do you have in mind? And how are you going to go about it?

Mr. Savage: I suppose that the best phrase for summing up the process is what some people call *animation sociale*. This involves having workers go in to teach them or train them or incite them to formulate what they want and to bring forward their ideas. One of the techniques which has proved to be of some value is to simply make certain members of the low income groups into social workers themselves. In that way they can get more insight very often than a person who comes from a different social stratum and very often does not have the firsthand experience.

Senator Carter: Yes, but you are going to gear your particular operations to raising the state of his efficiency. That is what I was getting at. That is the real problem as you have put it in your brief, that they are poor spenders, inefficient spenders, and therefore one of your goals would be to raise the efficiency of their spending. That is what I wanted to get at. How are you going to go about that? Where are you going to

start and what groups are you going to include and so forth?

Mr. Savage: Well, first of all let me say I am no expert in this field and I have no personal experience either. All I can do is tell you what has been tried on the basis of information I happen to have come across in my reading.

Senator Carter: On page 5 of your brief you say there is some evidence.

Mr. Savage: Perhaps I should read to you just a brief quotation from a booklet put out by Consumers' Union in the United States, called "Consumer Education for Low Income Families, a Limited Survey of Programs and Resources." On pages 7 and 8 of that we find this:

According to sociological writings on the culture of poverty, poor people are supposed to be suspicious, withdrawn and unwilling to participate in activities. To the extent that this is true there are reasons for it, but again and again these people have organized for objectives that made sense to them: civil rights demonstrations, a rent strike, a picket line protesting unfair prices, the establishment of a credit union. There are strong incentives to action

Senator Carter: A credit union for poor people?

Mr. Savage: Apparently it has been done.

Senator Carter: I have never seen one succeed yet.

Senator O'Leary: Oh, come on!

Senator Carter: Not the type of people that we are thinking of.

The Chairman: Please finish the quote.

Mr. Savage: To continue:

There are strong incentives to action. Low income consumers want to hit back at those who have cheated them once they know they are cheated and see a practical way to retaliate. They want to live better. They want a better life for their children.

The things that the social workers try to arouse an interest in and gain an acceptance of are the ideas of gaining a good deal of nutritional value per dollar expended, trying to get people to budget their incomes, not to fall into the hands of loan sharks or, even if they are dealing with reputable financial agencies and institutions, not to overcommit themselves, to try to get them to realize that when they decide, say, to spend \$10 for a picture that hangs on the wall they

have in effect decided not to use that \$10 for some other purpose which perhaps might be more important to them in the long run.

Senator Carter: I don't want to take up too much time, Mr. Chairman. Could I just ask one more question and then I will pass on?

You say on page 11 there is a specialized system of retailing which has grown up, that has been set up to serve and exploit these poor people, this particular market who are poorly educated and perhaps psychologically handicapped. Are you referring to Canada? Is there such a market set up in Canada? Can you give us more information about it? And what is your department doing about it?

Mr. Grandy: Dr. James will speak to that.

Dr. Warren James, Director, Research Branch, Department of Consumer and Corporate Affairs: I think the reference there, senator, is to the growth of peddlers in some of the big urban centres, particularly in the United States.

Senator Carter: I am thinking of Canada.

Dr. James: Well, there are certain peddlers who do operate in Canada, but we have no specific information about the extent to which this practice is as common in Canada as it is in New York, for instance. We know that many, many people in, let us say, Harlem or in the Puerto Rican areas of New York do a great deal of their shopping through a peddler system. This is a very large business, and these people, the peddlers, will sell practically anything. If they do not carry it with them, they will take orders for all kinds of dishes, household equipment, clothing and that sort of thing.

I suppose that we have this in a more specific form with itinerant sellers, the encyclopaedia salesmen, for example. They are not as specialized to the poor neighbourhoods, but there are a very large number of door to door salesmen in this country who do concentrate to a considerable extent on the low income groups.

Senator Carter: But that would be in the upper levels. The person who cannot read or write would not buy an encyclopaedia.

Dr. James: You would be surprised, senator. This is a very, very good market for encyclopaedia salesmen and aluminum siding salesmen and vacuum cleaner salesmen.

The Chairman: I have Senator Fergusson next and then Senators O'Leary, Cook and Pearson on my list for questions.

Senator Fergusson: I just have one or two small queries. In the first place, on page 1 and several other pages you refer to the "bait and switch" tactics. I don't know what that means. That is an expression that means nothing to me. I wonder if you would explain that. Would you rather speak on that before I ask you anything else?

Mr. Grandy: You can explain that best, I think Dr. James.

Dr. James: This is a tactic which is used by certain unscrupulous sellers where they advertise some extraordinary bargain. When you go to the store you find that there is what is known as a nailed-down sample. The thing is nailed to the floor. There is usually only one of them. They will then tell you why this is just not a satisfactory thing to buy and they have something that is just as good or very much better right over here.

This was the technique that was used, you may remember, by the people who were selling meat who got into trouble in Ontario last year. They were advertising beef at about 39¢ a pound. Of course, the object of this was to get the people within earshot. When you would see the beef that they had for sale at 39¢ a pound you would not care much for it but just around the corner they had some very excellent beef which you could buy at prices which were probably higher than you could buy it for in a supermarket.

Senator Pearson: Would you not be able to overcome that by saying to that same peddler who comes around with that beef, "If you sell an inferior quality the next time you will not get a sale at all"?

Dr. James: Well, sometimes once is enough.

If somebody is buying meat, for example, they often buy half a carcass at a time. There are normally hundreds of dollars involved in an individual transaction.

Senator Fergusson: Is this a prevalent thing?

Dr. James: Oh, yes, it is very prevalent.

Senator Fergusson: I know about the meat case but have you had other cases where this has been discovered and any action taken?

Dr. James: Well, the law, senator, unfortunately does not prohibit this particular tactic. It is not an illegal act at the present time.

Senator Fergusson: I have a number of questions but I do not want to take up too much time. In addition, I have to leave early. Reading the brief, there is reference made to research that has been done but it seems to have been done in the United States mostly.

Are we doing much of this in Canada? Is there much of it available to us, any research in this area?

Dr. James: There is a good deal being done by the Canadian Welfare Council and a number of private organizations on specific aspects of consumer problems. There are a number of projects relating to consumer credit, for example, and the life patterns of people who are on welfare in particular cities. There is not a great deal being done in the Department of Consumer and Corporate Affairs in this specific area.

Senator Fergusson: That is what I wondered about. On page 17 you refer to hearing aids, and I think it is rather shocking to think that some people are being victimized like this, even though there are a lot of good companies that are ethical in their attempts to make sales. However, is there any way that that can be policed? Is there any way that a standard for hearing aids could be set up so that people, before they put hearing aids on the market, would have to meet certain standards that would be reasonable ones?

Dr. James: There are two aspects to the question. First, there is the question of the technical capability of the hearing aid. It is perfectly possible to establish technical standards or specifications for hearing aids. The regulation of sales is of course a matter that falls within the jurisdiction of the provinces. Some consideration has been given, I think, at various times to the introduction of a licensing scheme where the hearing aid salesmen or organizations would be subject to some form of licensing control in much the same way as, let us say, the pharmacists.

Senator Fergusson: Is this in effect anywhere in Canada?

Dr. James: Not in Canada, no. It is in effect in a number of states in the United States though. Excuse me, I stand corrected. Evidently there is a control scheme in effect in Saskatchewan.

Senator Fergusson: This is the last one I am going to ask, Mr. Chairman. At page 19 you refer to the difficulty for older women finding suitable clothing. This is a real problem.

The Chairman: You would not know anything about that, would you, about older women?

Senator Fergusson: I did since my last birthday, the day before yesterday. However, it is a real problem. Dresses are too short. They are made of the wrong design for older people. They are not suitable, that is the ones that are available to the poorer people. But how could that be overcome? Education will not do it. Who are you going to educate?

Senator Quart: You could go to the specialized shops.

Senator Fergusson: But the poorer people are not going to the specialized shops.

The Chairman: Is there any answer at all?

Dr. James: It is an extremely difficult problem. I think that business people will normally respond to market demand. I think the only solution is that people not accept what they do not want. The way to make their wishes felt is through the marketplace, by writing to the manufacturers and saying, "Look, I will not buy your garments because they are not suitable. Why can you not provide something that is more sensible and more reasonable?" If enough people would do this, clearly the manufacturers would recognize that they are neglecting a significant segment of the total market.

Senator Carter: But doesn't the market respond to the dollar, to dollar volume?

The Chairman: Exactly.

Senator Cook: These people are not qualified to get out and organize the approach the manufacturers.

The Chairman: Senator O'Leary.

Senator O'Leary: Many of the things you point out in your brief, Mr. Grandy, appear to be the result of the poor being taken advantage in some way or in many ways. Whether these are unscrupulous, unethical, or illegal acts, I do not know where you draw the line of distinction. Where they are illegal, which I do not believe is the case with most of them, your department could do something about it. I guess probably something could be unethical or unscrupulous without being illegal. I am not a lawyer.

Mr. Grandy: Oh, yes.

Senator O'Leary: However, I was interested when Senator Carter brought up the matter of immigrants. Of course I think we are all aware that there is a native shrewdness on their part, and they do pretty well even when they first come to this country. However, I just want for one moment to give an example of a case of personal knowledge where the immigrants got badly taken too by unscrupulous and in this case illegal action on the part of a dealer.

I went into a store in the market three or four years ago and it appeared that most of the people who were in that store—and there were about twenty in the store at the time—were immigrants. There were various types of conversations going on around me. I did not

understand any of them. There were two particular items that were advertised in the window of the store in big red letters. One was turkey at 39¢ a pound. As I was standing there listening and watching them being weighed, I suddenly determined that these were not the prices that were being charged. So I bought a turkey and I bought 10 pounds of pork hocks and I found I was overcharged \$1.32. I told one of the clerks and he asked one of the other clerks and none of them knew these prices were on the windows. That was at 2 o'clock in the afternoon. Needless to say, there was a little furor there in the store. Everybody went out and looked at the prices and then came back in and began to check. The parcels went back and they started re-weighing these things at the new prices. I just point that out and say that this is an experience I had seeing the immigrants being taken.

Senator Carter: My point was that they did not seem to suffer the psychological damage, that while they have the same handicaps they do not seem to suffer the same psychological damage.

Senator O'Leary: They learn faster.

Senator Quart: My angle about the immigrants would be that when they come to Canada, their own groups or other groups have been set up to meet them, to take them into the fold, as it were, to train them, and they immediately get the feeling of being looked after and there is a feeling of security even more so than with our own people. That would be my angle.

Senator O'Leary: Do you know, or would you express an opinion, is there any particular business organization whom you think is doing a very good or a good job of consumer education? I know you have listed here the consumer organizations themselves but I am thinking in terms of financial institutions or retail organizations, for example, on a fairly large scale. Do you know of any who, in your opinion, are doing a very good job in consumer education at the present time?

Mr. Grandy: Could I make one comment first, sir, on the earlier comment you made about some things being unethical and some things being illegal and not being all the same? There are a great many unethical things that are not covered by any law. I think that is always bound to be the situation in a society that is not so regulated that you can hardly turn around. There will always be some scope for people to cheat and still remain within the law.

One might take that same example of the meat problem where there was the prosecution, the case we were talking about earlier. The "bait and switch" tactics that were being used were not illegal and there was no prosecution on that. Where they were prosecuted was under the Weights and Measures Act be-

cause even after the switch was made and the sale was made they were still giving short weight. So one of the things they were doing was illegal and the other was not, and they were prosecuted for the illegal act of giving short weight.

On the other question, which is a very interesting one, I am not familiar with much of the organized educational work in the consumer field by retail institutions or financial institutions. The Better Business Bureau do some work and they are supported jointly by businessmen in the cities that they are in. I think perhaps Dr. James might like to add something to that.

Dr. James: I think it is true, senator, that over a period of many years the finance companies have done a great deal in the way of consumer education. I have seen examples of pamphlets issued by the Household Finance Corporation which, I think, were really quite excellent. They have done some valuable educational work along these lines. But the impression I have is that most of this work is not done by individual companies so much as by trade associations. There is a very large number of institutes and organizations or associations of one kind and another associated with various products and they do publish pamphlets in order to assist people to make purchases that are more sensible. This has been done, for example, by some institute that is associated with the rug and carpet industry quite recently. But it is not a very common practice so far as I am aware by individual organizations.

Senator O'Leary: Do you think Dr. James—and, Senator Cook, don't you say a word for a moment—do you think the present-day cooperatives do a fair job of consumer education, the present-day retail cooperatives?

Dr. James: Senator, I have no way of judging their work. I know they devote a good deal of time and effort to this, but . . .

Senator O'Leary: You have never received or looked at any copies of their weekly or monthly bulletins?

Dr. James: Oh, yes; all I am saying is that I am unable to say how effective this is insofar as its impact on the public is concerned.

The Chairman: Senator Cook.

Senator Cook: Mr. Chairman, I would say I am very interested in the brief. I think it is a very excellent one. On page 26 they refer to the scheme of the Canada standard size symbol for clothing. A little further down they refer to the fact that under the

Hazardous Products Act they will prevent the sale of certain dangerous products.

I was wondering, in line with Senator Carter speaking about inefficient spending, and what the brief said about inefficient spenders, have you done any research on the possibility of, say, having a line of necessities under a special symbol or brand which, if necessary, could be subsidized? In other words, I am thinking of basic nutritional foods. You say they are very poor, and I agree they are very inefficient spenders. The foods they get are not very nutritious, which makes it very difficult to be energetic. If you had a line, it could be small at first, if you had a line of good nutritious goods, say some footwear, some winter clothing, which could be sold under a Canadian standard symbol, which could, if necessary, be subsidized, do you think that is a line that could be researched to see if it would not be helpful?

Mr. Grandy: Well, I suppose there are two questions here really. One is, could there be a series of products?

Senator Cook: Yes.

Mr. Grandy: Which are simple but of good quality.

Senator Cook: Which could earn the Canadian symbol.

Mr. Grandy: Rather as the British did during the war when they had the utility clothing and the utility symbol was used. I think that involved quite a lot of regulation. I don't remember now how exactly it was done, but that was designed to ensure that goods, especially clothing, but other goods of good quality, were available.

Senator Cook: I am not thinking of compulsion now.

Mr. Grandy: No. But there was no element of subsidy in that. I think if you get into an element of subsidy then you have a problem of whether you are distributing your subsidy to the people who need it.

Senator Cook: My thought was that you would be distributing it to the inefficient shoppers or to those, as you say, who cannot judge for themselves, and you would have good basic nutritious foods, satisfactory footwear, a line of winter clothing which would have to meet your standards and which could, if necessary, be subsidized to make it within the reach of these people.

Dr. James: Mr. Chairman, a scheme somewhat similar to this has been in effect in the United States for many years, the so-called food stamp plan, which I believe was introduced back in the 1930s. My

recollection of it is that it entitles welfare recipients to receive food stamps which then can be used to obtain discounts or rebates on the prices of certain classes of food in the stores that participate in this program. But the impression I have is that it does not extend beyond foods.

Senator Cook: I am just throwing that out as a possible subject for research.

The Chairman: Senator Cook, there is one other matter in connection with the food. The authorities have had to drop it because there was a mark of Cain on the recipients. The people said, "We are marked as being poor". It is used mostly in the Southern States, but recently they reached the point of doing away with it. They are looking for some other way. As a matter of fact, the latest report from the United States is that they are going to replace it with an income measure of some sort or another. It just won't work because of that particular mark of Cain. That is the thing that bothers these people a great deal.

Senator Cook: That disposes of that. The other question I had was dealing with all the exploitation which takes place of the inefficient shoppers and of the poor. If you read the informed writers of the last century, Charles Reade and Charles Dickens, for instance, at that time if you got into debt you and probably your whole family went to jail. Then they passed the Insolvency Act, which was a relieving act. In other words, that act said, "Whatever you have we will take and you can bargain with your creditors, and you can start again." Now we have reached the stage where the poor cannot afford to go into insolvency. So the Insolvency Act, which was intended to be a relieving act, is only really available to people who are well off.

Could some research be made into the possibility of having small debtors or poor debtors' courts which would relieve them against unconscionable contracts or even allow them to go insolvent? I can think of nothing more corroding than a person who is shut off, particularly an older person, who feels they have been defrauded and who has absolutely no relief available to him, nobody to listen to him, no money to spend on a lawyer. If we had small courts all around the place where they could get relief in proper cases, might that not also have the effect of stopping some of these loan sharks because they would know that in many cases when they enter into an unconscionable bargain it is going to be set aside anyway?

Mr. Grandy: I should perhaps have pointed out earlier at some stage that there is a major study going on now on the Bankruptcy Act and the whole

field of insolvency which we hope will result in a report around the end of this year on which we would hope to base a new Bankruptcy Act. One of the major elements that is being looked at in this study is the problem of the wage earner bankrupt or the consumer bankrupt, as opposed to the business bankrupt. Essentially now the Act really treats them as though they were in the same kind of situation. I think we will have quite a useful and interesting report on this by the end of the year.

The Chairman: Mr. Grandy, did not the Province of Manitoba pass that sort of Act that Senator Cook has reference to, and it was declared ultra vires. Then did we not take steps here in Parliament within recent years to pass an Act so that they could come under it?

Mr. Grandy: Yes. This is Part 10 of the Bankruptcy Act which deals with the orderly payment of debts.

The Chairman: Yes.

Mr. Grandy: Where a court can make an order as to how the debts of an individual will be paid off in an orderly way, how much he will have to pay and so on.

The Chairman: It does not quite cover your point, Senator Cook.

Senator Cook: No. I am thinking of small courts that would cover the small people.

The Chairman: Senator McGrand.

Senator McGrand: I would like to ask this question. If the poor person is from a traditional or rural background he may not read newspaper advertising and so on. I was interested in the matter of rural background. Has any study been made that would distinguish between the traditional and those with a rural background in this problem that we have?

Mr. Grandy: I suppose the problem of those with a rural background is related to the habit of having the daily newspapers delivered at the door, which even the children will learn to read. That does not develop to the same extent in outlying rural areas where this service has not always been available.

Senator McGrand: Oh, don't tell me that. The rural mail carriers carry newspapers all over the country. Is there anybody in Prince Edward Island who does not get a rural newspaper?

Senator O'Leary: No.

Senator Inman: No.

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Senator McGrand: That is not the answer, of course. And we must get an answer here.

Mr. Grady: Mr. Savage, would you care to speak to this?

Mr. Savage: Mr. Chairman, the phrase "rural and traditional background" is actually one which originated in a book by Caplovitz, *The Poor Pay More*, in which he was primarily thinking of people who came from Puerto Rico and other areas in the Caribbean in which the highly developed merchandising systems of a large North American city are not present. They tend to rely more on a traditional kind of merchandising characterized by peddlers. Many of the people who have come into New York City from that area are from a rural background.

Senator McGrand: I am dealing with the Canadian problem.

Mr. Savage: I think the parallel might be with people, say, who come from a rural part of European countries where similarly they are not in contact with the complicated merchandising system we have here or who have come into Canada from one of the Caribbean islands. That is what we had in mind there.

Senator McGrand: I have some views on this. I was thinking that you were dealing with a Canadian problem from a Canadian background because there is no mistake about it that a great deal of poverty is rural-oriented in the first place due to the misuse of natural resources that are in the rural communities. I thought perhaps you had some study on this problem which really does exist.

Mr. Grandy: Well, I think the problem, senator, is that not very much work has been done in Canada on this sort of sociological study from a consumer point of view in the past. This is why we found that many of the basic sources of information, at least about the sociological side of the thing, were American. I mean that is the sort of thing one has to draw on first and then see where the parallels are.

Senator McGrand: This is a very important matter. I hope before we are over with this that there will be a lot of evidence given to us on this very problem because there is no mistake about it, a lot of our poverty originates from rural conditions, especially in this last thirty years.

The Chairman: Senator Pearson.

Senator Pearson: I feel this, that your brief is very large and very informative but it is built on the larger population centres. It does not refer a great deal to rural areas or the smaller communities.

Talking about Western Canada, the experience with the purchase of machinery, even among the poor, they followed the trend, that is the poor did, and I am not talking about specific areas of the west that are very poor, much the same as specific areas in the east are, but, by and large, these people, when you say 50 years ago society was uncomplicated or people had no trouble in those days, one should remember that 50, 60 or even 70 years ago people had new ideas coming along, new machinery coming in, much the same as we have today.

Not everybody is able, even with our present-day educational system, to understand the workings of a TV. They know how it is turned on and why it goes but outside of that they don't know a great deal about it. You do not have any idea really of the quality of cloth, for instance. Not many people have been trained in that regard, that is among the general public. A few have some training, those who have made a study of it and dealt with it. The educated, in my opinion, are just as able to go in and purchase the wrong type of car, for instance, say a poor secondhand car or a poor TV as the poor people. I do not believe, as far as education is concerned, that it has anything to do with the situation of buying or shopping. As was stated here just a moment ago by Senator McGrand, almost all rural areas have newspapers and magazines nowadays and they can see what is of value as far as shopping is concerned.

I feel this, that this brief does not give us a good Canadian point of view, that is taking our whole rural area, as well as the big centres, the urban areas. It does not give us the background we need to come to a conclusion as to what to do in the case of poverty. Education, you say, yes, but how are you going to educate a man to know what varieties of car there are as well as these other things as well as have enough education with which to go out and make a living?

Have you any comments on that situation?

Mr. Grandy: Well, of course I would like to say first, senator, that this brief was not really meant to give one an answer to the problem of poverty as such. It was meant to give an angle, so to speak, on the problem of poverty.

Senator Pearson: To open up a view, you mean.

Mr. Grandy: To give a view of the consumer as such. In that sense it does not purport to throw much light on the more general problem of how you attack the problem of poverty in Canada but rather on what is the effect of poverty on the low income consumer and what specialized things can be done about him in his role as a consumer.

It is true that we are not going to be able to really educate the ordinary people to become experts on

various types of fibres and clothes and that sort of thing, but we do think that he will be better off if we can ensure that they are labelled so he will know what the cloth is, that there will be some care labelling instructions on the garments and other things of that sort which will make it easier if he is in a position where he at least has the motivation and the understanding for reading about these things.

Senator Pearson: In other words, you are saying we will have to get down to the point of enacting laws where we will be insisting on the labelling of materials so that the consumer will be able without worrying to know about these things by just looking at the label and knowing it is all right?

Mr. Grandy: For example, we are trying to encourage a program of care labelling based on symbols instead of words. In other words, if a thing should not be put in a washing machine with water over a certain temperature or should not be put in a dryer at all, we want to have symbols to indicate that instead of words. It is much easier and you do not get into language difficulties. However, I am not sure of how many of those things we will make compulsory. I do not think that program should be compulsory; I think it should be a voluntary one.

Dr. James: Senator Pearson has raised an extremely interesting point here. I think as the Deputy Minister has suggested, some progress is being made. An ordinary consumer, whether he be poor or not, is handicapped today in not being able to understand what kind of fabrics he is faced with. I have a suit on here, such as it is, and it says on it that it contains a miracle fibre. This is simply uninformative as far as I am concerned. When the ordinary housewife is confronted with these magic names like Banlon and Antron, and Kodol, and there are many of them, she has to be a 90-day wonder to know what they all are and how they perform.

The situation could be helped enormously if we say, "You may call them whatever you want as a trademark name but you must also indicate the basic generic fibre that you are talking about. If it is a polyester fibre, say it is a polyester fibre, so that when one goes to buy a shirt one can see on it that it is 65% polyester and 35% cotton and one does not have to see some magic description such as as 65% Fortrel and 35% something else," which probably is not very informative. It is not informative to me, I know.

Senator Pearson: There is another point I want to make, and that is about the development that has taken place in Western Canada in the farming community. In the 1920s the harvester combine came into Western Canada, and that is a complicated machine because it is a threshing machine on wheels which is powered to travel around the fields. Most farmers at

the time did not even know how to thresh with any machine. There was a machine that went around the country and did the threshing for the farmers. Anyway these farmers visited with each other and finally everybody now owns a combine.

There were types of ploughs brought in which were different to all the other kinds of ploughs we had before, but these same farmers perhaps the intellectual chaps in the communities, bought these new ploughs and used them and their neighbours then became acquainted with them just through watching, and they too were able to buy them and that way they have lifted themselves away from the old horse-drawn ploughs and now have the other type. This seems to me something that we might work on, in that you have to have an active, intellectual type in each community, in a sense, who will lead the way and the rest will follow and lift themselves up instead of having to be raised up by welfare. They can follow this leader type of man.

Dr. James: Senator, one of the worst problems of poverty in the world is apathy and a feeling of hopelessness.

Senator Pearson: Is this supposed to be in the city or in all areas?

Dr. James: All over the world. This is a characteristic of someone who is poor, let us say, in the third generation. They have a feeling that the situation is hopeless. What needs to happen to many of these people is to have their confidence restored, to feel that the future holds something for them.

Sometimes an individual person can do it. Sometimes an organization can do it. Sometimes a change in the circumstances can bring it about. I would suggest to you, for example, that this is the sort of thing that happens to immigrants. They may come from the grinding poverty of Calabria and when they arrive in Canada suddenly this poverty which has oppressed their families for generations untold is all changed, they are suddenly faced with a new country, with new opportunities.

Senator Pearson: And new ideas.

Dr. James: And they react to the innovative influences of a new country and the new environment. I suggest to you that there are many instances where individual people, such as the man you mentioned, have been able to have very strong influences on whole communities.

Senator Pearson: I agree with you.

The Chairman: Senator Inman.

Senator Inman: A lot of the things that have already been discussed I had in mind. For quite a number of years I had quite a large family in my home, anywhere from 9 to 11, so I am quite conscious of this, and when the papers come out and there are food ads I look them over. Did I understand that Mr. Grandy said that veal cutlets were \$2 a pound?

Mr. Grandy: This was a hypothetical example, but are they not?

Senator Inman: Last night they were advertised for 69¢ or 79¢ a pound. Looking over the ads, I find that people could get a very good deal. I think it would be very nice for these people to have some sort of consumer education. I remember in Charlottetown back in the early 1930s, in the depression years, we had quite an active consumers association and the women went around to the different stores to compare prices. Also, if you will remember, those were the dole years. We went around to these people and told them where they could get the best value for their money and what they should pay. Of course it was a small place; Charlottetown is not a very big city. It was even smaller then. However, we got to a lot of people. I think that consumer education would be a big factor. I think if these people can be told to read and look over the newspapers they would find a big difference in what they have to pay for things. I was amazed last night to find how cheap some of the food was.

Senator O'Leary: May I ask a supplementary question just on what we have been speaking about, ask it of Dr. James? You are aware of this Economy Corner column in the Journal. What is the lady's name? I have just forgotten at the moment. I was wondering if you watch that column?

Dr. James: Oh, very much so.

Senator O'Leary: What is your opinion of that?

Dr. James: I think they are all excellent.

Senator O'Leary: I presume from your brief that those people who do not get newspapers would not see that sort of thing.

Dr. James: I think that is the problem. It may be a case of preaching to the converted.

Senator Inman: Do you think there are many people who do not get newspapers today?

Dr. James: Oh, yes.

Mr. Grandy: The really poor people.

Dr. James: There are many underprivileged people of one kind or another who never see a newspaper from one year to the other.

Senator Cook: They have no inclination to read it anyway.

The Chairman: Were you finished, Senator Inman?

Senator Inman: Yes, that is all I had.

The Chairman: Senator Quart.

Senator Quart: I would like to ask if the Homemakers, or whatever they call themselves, and I don't think there is the word Association in it, I think it is merely Homemakers, is that part of your department, sponsored by your department?

Mr. Grandy: No.

Senator Quart: What department did Mr. Drury have?

The Chairman: Industry.

Senator Quart: I thought it was subsidized by the government, the Homemakers.

Mr. Grandy: We do give a grant to the Consumers Association of Canada.

Senator Quart: This is called the Homemakers. As a matter of fact, it was Mrs. Drury who invited me to attend, and I believe it was in her husband's department at the time, about a year ago, and I spoke to these Homemakers. I was fascinated by their report. They are paid by the government. How and what, I don't know. However, they are here in Ottawa and I know it exists in other places. They have a setup at the Algonquin College. It is a sort of extension of that anyway. They had a stove there, this, that and the other thing, and they did some cooking. I had some of their cooking and I am still alive.

Senator Pearson: Was it that bad?

Senator Quart: No, not at all. However, these women of all ages, certainly not university women as far as I could judge, they came there and they were paid a certain amount per month to follow these courses of nine weeks, I think, or something about that duration. Do you know anything about that?

As I recall, they follow this course and after that they go out into certain areas and go into the homes and teach women how to cook and how to buy. I think that is a marvellous setup because I do think that the women are the buyers of most things in the nation.

Dr. James: It sounds, senator, as though it is allied to the Manpower retraining program. I know that Algonquin College does this work in other areas.

Senator Quart: They are just called Homemakers.

Dr. James: I think very likely it is a course given at the college. They give many courses to adults in the course of their retraining program. I suspect that this was probably assisted by the Department of Manpower.

Senator Quart: I don't think so. They bought a house for them, for the training, and they have two or three specialists of some type or other who give the courses to these women.

Senator Inman: Where was it?

Senator Quart: It was near Algonquin College.

The Chairman: We will check into that.

Senator Quart: Yes. I think it is very important because these women from various areas here were paid a small amount to follow these courses, which serves as an incentive to them. I think they are paid for babysitters, that sort of thing. And they promise to go into their communities and do this sort of work. I think it is a very wonderful thing.

The Chairman: We will have our director look into that.

Senator Quart: You could telephone Mrs. Drury.

The Chairman: Well, he will know the department. He comes out of the Government.

Before we go around again, let me ask a few questions that have occurred to me. In connection with full disclosure on borrowing, we passed an Act and most of the provinces have passed Acts of full disclosure. Are we making sure that the Act is being complied with?

Mr. Grandy: I don't think there are very many infractions that we are aware of of either the provincial laws or the Small Loans Act.

The Chairman: You are not getting complaints?

Mr. Grandy: We get complaints about the interest, about the cost of borrowing, even though that has been properly disclosed, but the rule, as you know, is only that you disclose.

The Chairman: Well, as to disclosure, under Chargex where the rate of interest is 18%, are the people aware of that? Are they made aware of it when they are given a Chargex account?

Mr. Grandy: I think so.

Dr. James: It is in the literature, senator.

The Chairman: Is it in the literature, setting out the interest rate?

Dr. James: Yes. Of course it is only payable on an overdue account.

The Chairman: Yes, over 25 days or 30 days.

Mr. Grandy: Of course Chargex is luxury credit. The kind of people we are talking about here, most of them would not have access to Chargex.

The Chairman: The way they have been sending out Chargex cards I did not think anybody in the country had not got one. However, that is their business.

Let me turn now to another area for a moment. I have before me a report, and this was made in the City of New York, but the same thing was discussed before our committee on consumer food costs, in which they indicate that residents of low income neighbourhoods may be paying as much as 15% more for food than those of middle class areas. That in some areas on 20% of basic food items the prices went up during a certain period of time. We attempted to get some evidence, as I recall, or to get some indication as to whether there was some truth to this statement. Have you any observations to make on that?

Dr. James: Senator, as you know, this whole question has been the subject of intensive controversy in the United States over the past few years. The evidence on the question, do stores discriminate in the poorer areas, is very uncertain. Some surveys have indicated there is a discriminatory differential and other surveys have shown that this is simply not so. All that can be said, I think, about the American experience is that, so far as charging higher prices as a regular matter in the poor areas is concerned, it is not really satisfactorily established.

As far as Canada is concerned, the evidence is even more tenuous, because for one thing we do not normally have ghetto areas. You cannot easily identify a poor area, nor can you often identify an area which is exclusively devoted to poor shoppers. In a city like Ottawa, for example, people shop over wide geographic areas and they are not confined to any particular neighbourhood.

In short, it is a problem which is quite a challenge to the statisticians, and so far the results are inconclusive. Certainly the stores, the supermarkets and people like that, deny it categorically, with this one exception and this is an exception to the general rule. You will often

find that in a relatively poor neighbourhood people will tend to rely more heavily on the small corner stores. If they do that, you may find that they pay higher prices for their food, but this does not imply that the chains are pursuing a discriminatory policy in any sense.

The Chairman: I remember some evidence presented on another occasion as to charges made by consumer groups that prices were hiked before payday. Have you ever looked into that?

Dr. James: Yes. Some work has been done on that. I have never seen any substantial evidence to justify the claim.

The Chairman: Tell me this, as a consumer department, if you picked up the newspaper this morning the headlines said that the prices of beef are the highest in eighteen years. A meat wholesaler is quoted as saying, "If the consumers seriously dig their heels in and refuse to buy beef, including hamburger, it will have the effect of bringing the prices down as it did with groceries and other meat products". What are you doing about this? What are you doing at the present time in the light of the larger increase of such prices?

Mr. Grandy: The general problem of inflationary prices, which is indeed the general problem of the inflationary pressure in our economy today, really has to be dealt with mainly by fiscal and monetary policies. These are the basic instruments that will affect the rate of inflation. These are the instruments that have to be relied on to restore a better degree of price stability. The government has made it clear that it intends to bring this inflation to an end. It seems to me that this will deal with the problem of the general price level although you do get lags after policies are adopted that will tighten up the economy. It takes some months before you see the full effect. The United States tightened up about eight to ten months ago and some of the effects are only beginning to appear now in terms of a levelling off of some of the statistical indicators which show where the economy is going.

What we have done is to consider whether the basic instruments that are available, fiscal policy and monetary policy, can usefully be supplemented by work directly on the problems of prices and income. For that purpose the government has established or is now in the course of establishing a commission on prices and incomes which will have a double function. One function will be to give us a much better knowledge of the whole inflationary process in Canada and of the way in which prices move, the way in which income increases take place and the role of market power in the whole process. By market power I mean the power of those who are not subject to the full competitive forces that we ordinarily rely on to establish prices.

The Chairman: You are a Rhodes scholar all right. I don't understand what you are saying.

Mr. Grandy: If you are asking me to say are we going to control the price of beef, the answer is no.

The Chairman: I guess so. I was waiting for you to say that. My next question is this, my mail, and our staff informants, keep telling me that they hear more and more of a demand from the middle class and poorer people for some kind of controls on the basic foods. What are you hearing?

Mr. Grandy: We hear a good deal of the same thing but we do not conclude from that that this would be a wise policy.

The Chairman: I realize that the first approach is a voluntary one, which you are taking.

Mr. Grandy: That's right.

The Chairman: I think we agree that you have to give it a try. I am not going to ask you whether you have confidence in it or not. Of course you have or you would not be into it. However, are we behind a bit?

Mr. Grandy: First of all, and this is on your earlier point, there is no doubt that there is widespread concern about the rate of price increase in the basic foods and other commodities.

Senator Cook: Widespread concern with all increases.

Mr. Grandy: Yes, but the main concern arises from the things that hit the ordinary consumer. Those are the ones about which we get complaints, and we get quite a number of them.

The Chairman: The expression often used, Senator Cook, is that inflation steals from the poor. That is what I was suggesting more than anything else. Please proceed.

Mr. Grandy: One of the problems here is that our general price level is so heavily influenced by what happens in the United States. We have been suffering from what was probably a miscalculation made in the United States several years ago, back about 1966 or perhaps 1965, about the cost of the Viet Nam war. The forecast at that time of the United States government's expenditure in relation to its revenue turned out to have been far too optimistic. If you look for one particular cause of the inflationary pressure we got into after 1965, that is probably the key thing.

If errors of judgment had not taken place then—and we are not blaming anybody, because forecasting is a

bit of an art—I think it is fair to say that we would have a better degree of price stability today. That is really about as far as I can go on it.

The Chairman: How do you directly relate the tremendous cost of the Viet Nam war to our situation, to our economy, to our fiscal plans?

Mr. Grandy: It affects the whole level of government and private expenditure in the United States and, through their influence on Canada, it affects the whole level of our activity here. For example, when people have high incomes in the United States, there is more and more demand for some of our products, such as lumber, beef and many others. We export more at higher prices and that has an effect on the prices that are charged within Canada as well. That is the kind of thing that has been happening.

Senator Quart: May I ask another question?

The Chairman: Certainly.

Senator Quart: I would like to know if there is any specific reason why the increase in beef prices has come about so quickly. Do you know?

Senator Pearson: Demand.

Senator Quart: Naturally demand, but it has happened so quickly.

Dr. James: There are at least two influences at work here. One is that there is a shortage of beef cattle in Canada. My understanding is that we are not able to fill our deficiencies very satisfactorily from the United States because they in turn have such a high level of demand there. On the other hand, there are a great many people in this country who are addicted to eating sirloin steaks in the barbecue season. You can predict with great confidence that at about this time of the year the price of sirloin steak is going to go up because people want to barbecue it.

I would suggest that if you look at the history of the price of sirloin steak in the last three or four years you will see this characteristic surge at approximately this time of the year. That is why you get these imbalances within the beef carcass. People are not so much interested in pot roasts and other things that are normally winter fare but they want to eat a little higher up on the hog at this time of the year.

Senator Inman: Today you can pay \$1.25 a pound for a sirloin tip roast but you can buy a blade roast, and it is almost as nice if cooked properly, for 79¢ a pound.

The Chairman: Mr. Frederick Joyce, our director, gave me exactly the same answer in a note here. His

note to me was "It is the beginning of the barbecue season".

Senator Quart: That is so true. I happened to be checking some bills for costs recently and I noticed something about this. We buy about 25 or 30 roasts at one time. That is perhaps a subject for another time. We frequently buy from the smaller places where we feel that we get better service rather than the chain stores. We get in touch with the store and order 25 or 30 roasts. Even on the basis of ordering that quantity, it has gone up to \$1.39 in the last ten days or so.

Senator O'Leary: From what?

Senator Quart: From 89¢ a pound.

The Chairman: Let me refer to page 2. Any time anybody wants to break in, please do so. You say here:

The poor are the ones who have been left behind by the general rise in living standards accompanying an era of rapid technological change which renders certain categories of worker or certain regions of a country economically obsolete.

When you talk about rapid technological change, that has been going on for some time. There has not been any undue rapidity of late, and yet statistically and numerically the number of poor has remained about the same.

Mr. Grandy: I think the rate of technological progress has been accelerating ever since the last war.

The Chairman: That has not brought about more poverty among the people.

Senator Cook: Actually the number of poor are going down, I believe.

The Chairman: I think that is particularly so in some of the maritime areas as well as other areas of the country, as the Economic Council indicates. How do you relate that?

Mr. Grandy: We were not saying here that, because of the pace of technological change, the number of poor are increasing. What we are really saying is that they are the people who have been left on the beach when the water receded, so to speak. When the employment opportunities for a particular type of skill disappeared because of technological change, or when a particular region of the country lost whatever advantage it might have had earlier for a certain kind of activity...

The Chairman: That is true. We agree with that. However, the technological changes and the computer-

ized changes at the present time have brought us comparatively a lesser number of poor than we had before.

Senator Cook: But isn't the gap wider? The employee who is better trained lives at a much higher rate of income.

The Chairman: Yes, that is one aspect of it. What do you say about that?

Mr. Grandy: It may be that some of the regional development policies have been making an impact over the past three or four years, that some of the re-training policies are beginning to make an impact.

Have you any other thoughts on that, Dr. James?

Dr. James: No, I don't think that I have anything to add.

The Chairman: Let me get on. When you talk about the individual worker's productivity is deficient, is the responsibility mainly that of the worker? The worker is there to do a job, skilled, unskilled, whatever he is trained to do. He does his job. Is it the worker who can be held responsible for his productivity?

Mr. Grandy: No, I think the reference here is to the man who suffers from lack of education, lack of training, lack of motivation. We are not saying it is his fault. That is the situation he found himself in and therefore his productivity is low.

Senator Pearson: I knew an immigrant family who came out here and homesteaded in the old days and lived in what you would call squalor, and they brought up their family through that state. The children had no better than Grade 6 or Grade 7 education when they finished school and went to work on the farm. The old people have since died. The young people have come along now and they have followed their community, not because they had a good education or anything, but they just followed what happened in the community, what happened with their neighbours, and they are away up at the top now. Their parents would never know them, driving cars and trucks and combines and having big farms. As I say, example is one of the greatest things you can find in this situation.

The Chairman: Mr. Grandy, you have been in the public service for a long time, and Dr. James has also been in the service for a long time. I don't know Mr. Savage as well. How do we get to these poor people to indicate to them first that we are interested in them, and, secondly, that their great strength lies in education and training? How do we get that over to them?

Mr. Grandy: I suppose in a way this goes back to what Mr. Savage was talking about earlier in terms of how you can influence people in this situation without appearing to be talking down to them or appearing to be too superior to them or to be pushing them around. It is a problem of sociology and psychology that people have been experimenting with in the United States in particular.

Senator Pearson: The Company of Young Canadians does the same thing, living with the people they are trying to deal with.

The Chairman: That is one other aspect. However, Mr. Savage was speaking, in what he had to say a few moments ago, about the community efforts in the United States. Is that what you were talking about or had reference to, Mr. Savage?

Mr. Savage: Some community efforts, yes.

The Chairman: We have a couple of our men over there working on it now. My own recollection and my own reading about it indicated that it was anything but a success.

Mr. Savage: Undoubtedly, sir, it is a very difficult field.

The Chairman: Yet you say, "Well, involve the community and involve these people". Senator Pearson tells us of an individual who has made it. There are lots of them who have made it. But now we are talking about those who have not made it. How do we get to them? We are well-motivated, we are trying to get to them. You people all have been in public service and know Canadian life. How do we get to them?

Mr. Savage: One of the points, Mr. Chairman, which has been made by some writers about current poverty in the United States has a bearing on what Senator Pearson was saying a little while ago. In the past many people came to the United States and went into very poor areas of the cities and then moved out. They had, first of all, some training and they had a motivation before they ever came, and had perhaps superior energy and acuteness of mind, and gradually moved out. So what is left in many cases in the ghettos of the United States is the remains of those successive waves of immigration which have come in, remainders which increasingly are composed of people who do not have the superior drive, the superior health even, the superior motivation which was present to a large extent in those areas 30 or 40 years ago or even, in some cases, 20 years ago. So what the workers in the poverty program in some of the larger American cities are having to deal with is this group of people who have been left behind, either through defective heredity or

training and environment, and this is what makes the problem so desperately intractable.

Senator Pearson: In other words there is nobody in that community who knows anything about how to get out of it?

Mr. Savage: They may have ideas about it but they find there are many barriers in the way. It may be that the difficulty the chairman was referring to with respect to the programs about which he has learned simply reflects this fact that I mentioned.

Senator Cook: I was going to say that a lot of these authors remind me about people who have written books about bringing up children and have no children themselves. You have to have a child in order to write a book about bringing one up. I think a lot of books in this area are altogether divorced from the realities of the situation. I think the reality of the situation is that you have to keep them from being so malnourished that they have no ambition and so poorly clad that they have to fight against the elements.

When you have done these things, then there still would be a great number who for some reason or another will not respond. In the case of those who can respond, the first thing you have to do with them, to my mind, is make it possible for them to be well-fed and reasonably clothed, and then you can start with your ideas afterwards as to educating them and helping them out.

The Chairman: Let us put a question to these people while we have them here. Tell me this: Why does poverty perpetuate itself?

Dr. James: To a large extent, senator, this is a phenomenon which is known in the jargon as generational transference. You inherit it.

Mr. Grandy: I hope that helps.

Dr. James: It is a somewhat technical term but I think it is perfectly clear. You learn it from your parents. They in turn learned it from your grandparents. It is a part of a culture.

Let me give you an example of the kind of problem we run into. In an average Canadian family, for example, a child grows up, he sees his father going to work in the morning and coming home at night, he sees a certain orderly routine of family life. He is reasonably well-educated and he can get about and do work of varying degrees of difficulty. In many poor families the father, if he is there at all, does not get up and go to work. The child is influenced by what we would regard as rather abnormal behaviour. The father has either disappeared some-

where long since or else he just does not get up and do anything on a regular basis.

If you take people in a second generation of poverty they are subject to these very strong family influences which are very difficult to counter.

If you find people who were brought up in a culturally deprived situation and say to them, "All right, I am going to give you a job. You go and report at this factory."

The problem is that in some instances they cannot get to that factory. They don't know how to cope with the problem of getting the right bus because they cannot read. As a result they are incapable of reporting to the factory on time. The concept of being on time for work is something that is foreign to their whole background and upbringing as well.

I think you can find ample evidence of that because official records have been maintained over a period of years where you can see that the welfare recipients now are getting on into the third generation. People now getting welfare and their grandparents also were welfare recipients.

Senator Inman: Perhaps we are giving too much welfare.

The Chairman: No, I don't think so.

Senator Inman: But, on the other hand, you find that some of our very clever people came from very poor homes.

The Chairman: I am trying not to talk about that person. We are not now talking about the blind, the crippled and the disadvantaged. Forget them for the moment. We are not talking about the female head of a family or the man without a wife in the family. Forget about them for the moment. Half of our problem with the poor is the near-poor, the man who goes to work and works eight hours a day almost all year round and brings into the home \$50 or \$60 a week and has four children. He never gets out of that rut. He is always poor and always remains that way.

What happens? Those children have a discipline in the house. They have television, radio, and they can see what others are doing. Why are they not breaking out of that bind?

Dr. James: Well, senator, if you will examine the problem statistically, you will find that many of the people you are discussing have too many children. This is a brutal fact, that they simply have more children than they can afford to rear under what we would regard as satisfactory circumstances. It is a question of over-population.

The Chairman: The normal in Canada is 3½ children. That does not seem high to me.

Dr. James: I am not talking about the normal, senator. All I am saying is that among many of the people you are discussing you will find families are larger than they can afford to have and they cannot maintain them.

The Chairman: I am talking about four children.

Dr. James: Not the average. You will find a very wide variation in the family size in different income groups.

The Chairman: Well, with the larger income group it does not make much difference. They can afford it.

Dr. James: This is generally true. However, I think the trend is reversing itself, that the upper income groups tend to have smaller families than the lower income groups.

The Chairman: But we get back again to this, what you say is certainly true. I am not arguing the point with you, but I am talking about what we look on as average or normal, three children or four children, on \$50 a week. The man with that size family cannot make it in this society. He does not make it. Why?

Dr. James: Senator, I think this problem has been bothering social philosophers for thousands of years. This problem has been dealt with very extensively in the Bible, among other places.

The Chairman: Give us some leads. There are the real problems that are bothering us. We do not have to find them in the United States. They are right here in Canada, in almost every part of Canada.

Mr. Grandy: In the case you are talking about, Mr. Chairman, the man with four children, earning \$50 a week, of course cannot live on \$50 a week with four children.

The Chairman: Or three or two or even one.

Mr. Grandy: Are you saying why doesn't he break out of that trap, or are you asking about the children?

The Chairman: The children. It may be too late for him. I don't know.

Mr. Grandy: I suppose his children have a chance of breaking out if they get the right education and training because you are talking here about a case where the cultural factors that Dr. James was talking about earlier may not apply.

The Chairman: You said something there that interested me very much. I wanted you to say that. You said he will be able to break out, the child will be able to break out, if he can get education and training.

Mr. Grandy: Yes. That is, assuming he has reasonable ability.

The Chairman: And desire, the kind of people that Senator Pearson was talking about.

Mr. Grandy: And we are assuming also, because this father has a regular job and goes to work, that the cultural apathy in that family, poor though they are, may not be the same as the kind that we were talking about earlier. This may be a case where the child has a chance of getting out.

The Chairman: But in the majority of cases they have just nice, decent homes. They are poor and feel they belong to the poor society and most of them give up. But we are now talking about the children. We have a man earning \$50 a week and he has three children. They are average, intelligent children. They want to break out. They see how other children and other families live. They see it on television. It is quite impressive for them. They want to break out. However, when there comes the first opportunity for a job so very often one of those children rushes out to get it even though he is completely untrained. Is that not true?

Mr. Grandy: That is likely to be true. Of course, there he is compelled to do that partly by the poverty in the family because they need the extra income from him.

The Chairman: That's right. We are thinking along the same lines now. At that point, what is there we can do? What is there the government could do? What is there that could be done to keep that boy or girl going to school to take as much education or training as he or she can possibly absorb? What is the one thing he or she needs?

Dr. James: Relevancy. He needs a relevant education. He needs an education which he regards as relevant to the world he lives in.

The Chairman: But we are educating him and training him. What does he need in order to stay at home? He wants to dress like other people dress, he wants to dress like the people around him, he wants to be able to do a few of the things that his pals are able to do. What does he need in the home at that particular time?

Senator Pearson: Mr. Chairman, I think you are talking about a mangoing for his BA, his MA, or PhD.

The education you are talking about is getting up to that stage. That is what I think you are doing.

The Chairman: Oh, no.

Senator Pearson: What I think is that you cannot train everybody to be up to that class.

The Chairman: I am not referring to that type of education.

Senator Pearson: As Dr. James says, it is a relevant education that one has to have because there are certain classes of people who make excellent plumbers. There is no use pushing them up to the top and making a lawyer or doctor out of them. You have to keep them in the plumbing class where they can make a good living.

The Chairman: I said education and training; I was not thinking of the person who is going to be a professional worker. I was thinking of training, exactly as you are, of a plumber or someone of that sort. How do you keep him doing that instead of running out to get a job untrained? That is my point. What do you do at that stage to keep him at home or to keep a girl at home? What does he or she need?

Senator Cook: Where do you saw-off, at what level? Grade 11?

The Chairman: The 13, 14, 15 year old, about the time one is able to go out to work.

Senator Cook: You feel they should at least have grade what? Grade 11 or Grade 12?

The Chairman: Yes. He can train for something if there are the facilities. If there are not any there is nothing we can do. What is needed in the home at that time?

Senator O'Leary: He or that family?

The Chairman: He or that family, what do they need at that time?

Senator O'Leary: He is not going to say it, Mr. Chairman.

The Chairman: I know.

Mr. Grandy: You want us to say he needs money, but he needs more than that. He needs motivation too.

The Chairman: Of course. Dr. James said he needed relevance too. He is absolutely right. He needs motivation. That is part of it. But he needs money in that home for those children, specifically money in the

home for those children. It is so obvious. And yet you cannot point to anything we are doing to try to help that particular person.

Senator Cook: On that point, if he gets Grade 12 or Grade 13 it is only going to be of particular value surely if there is a shortage of plumbers or a shortage of TV technicians, or shortage of car mechanics. Otherwise he is going to get his Grade 12 or 13 and still there are going to be many called but few chosen.

The Chairman: Senator Cook, have you ever tried recently or within recent times to get a plumber?

Senator Cook: No, thank heavens.

The Chairman: Have you ever tried to get a TV repairman?

Senator Quart: That is perfectly true.

The Chairman: I could not be a TV technician myself because I am not mechanically inclined. I don't know if I could be a plumber either. But these trades are screaming for people. You don't need to have a PhD degree to do these sort of things. There is ample work for them.

What is more, Senator Cook, we have had it indicated here that these great technological advances have not really taken jobs away, they have made more jobs than ever before.

Senator Cook: I am all for it because if he gets his Grade 11 or 12, even if he does not get trained or does not get full employment he is still much better able to mitigate the effects of poverty, he is still in a much better position to encourage his children when they come, so I am all for the education end of it.

The Chairman: Well, it is relevant education we are talking about. Go ahead, let loose on these three people. You have people here who have a great deal of knowledge and experience. I will vouch for them. That is why I have been asking these questions.

Senator Inman: Why couldn't we get a plumber? Let us follow that up.

The Chairman: Let us follow up your question. Yes, go ahead, Senator O'Leary.

Senator O'Leary: Perhaps the first gap comes, say, between grade 8 and grade 11. What I am thinking about there is the family you first took, the one with four children and the man earning \$50 a week, and that boy who reaches grade 8 who just cannot afford to be kept around the home. Yet in order for him to get training he has to have some qualifications for training. The requirements are anywhere from grade

10 to grade 12. The other day we were told that barbers require grade 12. Electricians require grade 11, I believe, and plumbers grade 10.

Senator Inman: Janitors, BAs,

Senator O'Leary: Well, they will take less now. In any case, it is a matter of keeping them in school until they have the basic qualifications. It seems to me there is little you can do except to provide an income for them at home during that period or they are not going to stay in school. The father cannot afford to keep them in school. I think it is as simple as that.

The Chairman: Senator O'Leary, you and I think it is as simple as that, and their answer was that that is what they need. What I am trying to find out, if it is so simple to you, Senator O'Leary, and it is so simple to me, and neither one of us is a genius, why hasn't somebody thought about making that approach? It is not a new problem. It was there 10 or 20 years ago.

Senator O'Leary: Of course we say the training approach is there but getting the basics, to my mind, is the thing that has failed.

Senator Cook: I agree with Dr. James that it is tied in with motivation. What we are really talking about is a system of high school scholarships because there is no use paying young fellows to stay in school, some of them, because they are never going to get beyond grade 7 or grade 8 anyhow. They have no desire or motivation. But in the case of those who are reasonably bright you should give them a system of high school scholarships which will be sufficient to augment the income to keep them going until grade 10, 11 or 12, or whatever it is.

Senator O'Leary: What is the difference between giving them a scholarship and giving them income?

Senator Cook: The effect is the same, but if you give the income to everyone you are going to give it to a lot of boys or girls who have no intention of utilizing it. In other words, they are only going to be a problem in the future, the ones who will want to quit in grade 7 or 8 or as the case may be.

The Chairman: While we are talking about that, Dr. James, the question arises, is it the size of the family that is the cause of poverty, or is it a characteristic of those who are poor?

Dr. James: I think, senator, that is just like asking which came first, the chicken or the egg. I think they are so interrelated that one cannot say that one is cause and one is effect. The reason why they have large families is presumably they simply don't know

how to do otherwise. I don't think one is a cause of the other.

The Chairman: I know that we have youth allowances in this country. I was ready for one of you people to remind me about it and I would tell you what I thought about it, how inadequate it was.

Senator Pearson: Mr. Chairman, you say when you get to a certain stage with the family of four, then the question is how can they go any further when they have no assets in the family to push their boy into some good position. The question then is a matter of one or two or three things. He must have available in his area a technical school that he can go to. He must have sufficient funds or that family must have sufficient funds so that he can take that course in that technical school or, if there is no technical school in that area, he must have money available to be sent to a technical school where he will get that education and become an electronics man or a plumber or whatever it is, so those are the things it is necessary to have. It is money that is needed for that family. And they need a technical school. In the matter of higher education, there is also the necessity of the willingness to go on.

Senator O'Leary: He has to get his high school anyway. A \$10 a month youth allowance is not going to help in that respect.

The Chairman: Senator Pearson, training centres are available, very much available, across the country.

Senator Pearson: Then all they need is the money.

Senator Cook: Senator O'Leary said they had to get to high school first.

The Chairman: Yes, we have to get them into high school and when we have given them the high school education I don't think we need to worry beyond that. We have started them on the way. As a state I don't think we owe them more than that. If they are able to go further and get into university it is up to them.

Senator Cook: It is getting them to stay in high school. We are worrying about that. They are dropping out.

The Chairman: If we can get them through high school, more education is another matter. That is what we are trying to get at.

Mr. Grandy: I think the point about the availability of a school is quite an important one. It is because of this problem that some of the provinces have had to consolidate the schools and make these big school districts and use school buses, which

obviously is going to provide better facilities, although they do meet resistance on the way, partly because of the cost.

Senator Pearson: And they do not enjoy it because their sons are away and don't get home until six o'clock at night and they lose that labour.

The Chairman: By the way, we did pass your Drug Act. I hope you will feel better about that.

Mr. Grandy: Yes, I noticed that.

The Chairman: We admit here there is an inflationary tendency in this country. The people we are mostly concerned with are the poor. I can look after myself, and most of the middle class people can look after themselves. However, the poor are hit pretty hard at this time. You agree with that. You have a box and you say "Write to us" That's fine. That is very useful. Why haven't you some advertisements or notices, such as Senator O'Leary had reference to and about which Dr. James said they were very useful, why haven't you done some of that sort of thing, have notices across the country saying to the women "Shop, shop, shop, don't just buy"? Why don't you keep saying that to them, because that is really their greatest weapon, isn't it?

Mr. Grandy: Yes.

The Chairman: Why don't you keep repeating that to them? Don't you think it would get across?

Mr. Grandy: This certainly is part of the message we want to get across. As our information program develops, this will be one of the key points, the need for comparative shopping. In that connection, I remember shortly before Christmas somebody sent the minister a toy and said, "Do you realize they are charging \$9.98 for this thing?" He replied, "Yes, that is terrible. I don't know why anybody would buy it at that price". You do need some consumer resistance to crazy prices.

As to basic things which increase in price because of the general demand, there is not too much you can do. You can shop around a bit, of course.

Senator Cook: To shop around requires a bit of effort, does it not?

Senator O'Leary: I was interested in your information division. Can you give us a brief rundown on the present status of the information division, personnel-wise and so on?

Mr. Grandy: It is lamentably small at the moment. We have in the consumer information branch, which is the one primarily responsible for this part of the

program, it now has about 25 people. In addition they get some help from the departmental information officer who has a staff of about five people. They are more involved in the editing and production side whereas the content and the message has to come from the consumer people who are expert in it. But by the standards of most older government departments it is quite a small operation so far in the information field. We hope to develop it as we are allowed the resources.

Senator O'Leary: Thank you.

The Chairman: Anything else, gentlemen? We have had a good discussion this morning.

Senator Pearson: I move we adjourn.

The Chairman: Senator Everett, you were saying you had to go to another meeting. I realized that. However, do you have anything now to ask?

Senator Everett: I had some questions but I did not want to hold up your adjournment.

The Chairman: No. Ask them now. We will tell you about anything that has been covered in your absence.

Senator Everett: Under the automobile section you state that a high proportion of used cars are repossessed. I just wondered what the figures were that you had on that? If you read the statistics published by the national finance companies they are incredibly low. I don't know whether you were talking about repossessions or repossession losses. It is a statement that at some time I would like to have the figures on which you base it. The words "high proportion" would make one think in terms of 30% or 40%. Maybe it would be sufficient for the record to put it that you are probably talking about less than 5%, maybe as low as 2%, with a credit loss of perhaps somewhere in the neighbourhood of less than 1%.

Mr. Grandy: I think what we should do is undertake to get some statistics if they are available.

Senator O'Leary: Do the national finance companies give the opposing figures for the losses on new and used cars?

Senator Everett: It does not break it down between new and used cars. I was reading the Traders Finance prospectus on their recent financing and they gave the percentages of repossessions and the percentages of losses on repossessions, but they did not break it down between new vehicles and used vehicles.

Senator O'Leary: Here we were talking mostly about used vehicles.

Senator Everett: Coming back to the question of conditional sales contracts, I noticed, and we discussed this just before I left and I am sorry we could not get into it, you stated that when the contract was discounted the consumer or the purchaser who might feel that he had some sort of warranty protection by stopping payments clearly no longer had that. I just want to understand the implications of that statement because it would seem to me if you are suggesting that there be some sort of warranty attached to a conditional sales contract and that it continue with the contract, then you are suggesting the antithesis of what you suggested in another part of the brief. You are suggesting, it seems to me, that everybody buy on credit because if anybody bought with cash he would not be entitled to that protection.

Mr. Grandy: We were not trying to suggest here that credit is necessarily a bad thing. We have said that many of the poor people make too much use of credit and get themselves into trouble. We were not trying to take a general view that credit is bad for consumers. There are many cases where a purchase on credit makes good sense for one reason or another. I would not want to leave the impression that we were anti-credit.

Senator Everett: You did earlier with me. I am glad to hear that that is not your view.

Mr. Grandy: We have taken a view here that many of the poor people who use credit use it unwisely and get into traps but that is a misuse rather than a proper use of credit.

As to the other question, I would like to ask Dr. James to deal with it because he explains these things more clearly.

Dr. James: If I understand the question correctly it related to the purchase, let us say, of some durable goods on a conditional sales contract where there was a collateral promissory note. A promissory note would be normally sold to an assignee. If the normal situation occurs the assignee of the note will become a holder in due course and, as you know, the original purchaser cannot raise any defences or any offsets against the payment on that note no matter what grievances he may have against the vendor or for default in warranty or for unsatisfactory performance or for any other reason.

Senator Everett: I agree with that but he is in no different position. Let us assume he pays cash for the goods. The money then has gone. He has no recourse by stopping payment because he has made the pay-

ment. His right is against the vendor of the goods and he has a clear legal right under the terms of the warranty or under the payment terms of the Sale of Goods Act to take action. I don't think you improve that by suggesting a situation in which the vendor should stop payments on his conditional sales contract.

Dr. James: The purchaser, you mean?

Senator Everett: The purchaser, yes. He has a clear legal right under the warranty itself and he could always proceed.

Dr. James: Oh, yes, I agree he has a very clear contractual obligation to make payments to the assignee of the note. He does not do anything but muddy the waters if he breaks his contract by stopping payment. All I am suggesting to you is if and when he defaults in any way he has no recourse against the holder in due course. This problem normally is not a serious one but it does cause difficulty where the vendor is a fly-by-night operator or where or has gone bankrupt.

Senator Everett: I could not agree more but let us assume for the moment that the vendor does not assign the promissory note. The purchaser is not satisfied with the product that he bought, either on the terms of warranty or under the terms of the Sale of Goods Act. He then refuses payment. The vendor then repossesses the merchandise.

Dr. James: Well, he could sue him.

Senator Everett: But he repossesses the merchandise and he sells it, and that is the end of it. Where is the purchaser benefitted?

Dr. James: Does he not have to get a judgment against him?

Senator Everett: Not certainly under either the Ontario law or the Manitoba law. He has the right to go in and repossess the goods under the conditional sales contract. He can sell those goods and if the return from the sale of those goods covers the outstanding amount of the note he is home free. If it does not, he may have to come and sue on the promissory note at that point. But all that does is get the poor old

purchaser into court. He still has to find a lawyer. The only difference there is that the purchaser did not initiate the action. He still finds himself in court. He has to have a lawyer and he has to have a counterclaim, which is just an action within an action on the other side.

All I am suggesting is that it seems to me you are putting the emphasis on the wrong point. What you want to put your emphasis on is the sort of warranty that merchants give. If you are going to talk about fly-by-night operators then you want to do what they did in Toronto with the used car dealers, make them post a bond so that the government has some means of having them live up to the warranty.

The Chairman: If a man goes into business in the normal way it is hard to ask him to post a bond. If he wants to sell refrigerators, he sells the paper to some organization. They did that because there was a very acute and serious problem in Toronto. However, that is not normal.

Senator Everett: That's right.

The Chairman: What they are saying here is that the third party collects and he has to go for redress to the original person who sold him the goods. If he is responsible he can go to him, but in many instances, and we had evidence about this before the committee on another occasion, he was out of business, he was gone, and yet the purchaser had to pay for the goods no matter how faulty the warranty.

Senator Everett: I have thousands of questions but I will leave it at that. Thank you very much.

The Chairman: Gentlemen, we thank you—Mr. Grandy, Dr. James and Mr. Savage—for a very excellent brief. It shows a great deal of understanding. I can say freely that we have great hopes for the Department of Consumer Affairs. So far you have lived up to our expectations.

Today you pointed to many of the problems and you were helpful in indicating some solutions. They do not come easily but you were helpful. That was the purpose of your coming here. Thank you very much.

The hearing adjourned.

APPENDIX "I"

CONSUMER PROBLEMS OF
LOW INCOME GROUPS

A brief submitted by J. F. Grandy, Deputy Minister of Consumer and Corporate Affairs to the Special Senate Committee on Poverty, Thursday, May 29, 1969.

Summary

The poor tend to be inefficient consumers due to a lack of available cash with which to buy in large quantities, to inadequate access to evaluations of consumer products, to low reading ability and to certain psychological traits. These inadequacies constitute a growing handicap in face of the increasing complexity of many consumer products. Many deprived persons are vulnerable to misleading advertising, to high pressure salesmanship, to "bait and switch" tactics. They are prone to impulse buying and they neglect price calculations and price and quality comparisons. In buying food they may be prevented from buying at the lowest prices. Their ideas of nutrition may be inadequate. They may purchase too expensive forms of life insurance. They may buy furniture and appliances from the more expensive outlets and prefer more expensive to less expensive models of appliance. Many of their most serious problems flow from a lack of understanding of the nature of credit and of contract, to their forced reliance on the most expensive sources of credit, and to its overuse. Several disagreeable consequences may follow. Poor persons find it difficult to obtain redress of legal grievances. Their purchases of automobiles are apt to be a source of trouble.

Elderly persons in low income groups have a number of special problems. Their real incomes may shrink while their medical expenses increase. Finding suitable products and availing themselves of the lowest prices may be difficult for them and they may be the victims of practitioners of certain types of fraud.

Such general remedies are maintaining the general level of employment and income, attacking regional poverty, and improving welfare legislation, while necessary and desirable, are not sufficient to change uneconomical consumption patterns. Some formal education in consumer matters is necessary. Informational radio and television programs, discussion groups and pamphlets can be used in consumer education outside the school and university systems. A number of government measures also aim at informing and protecting the consumer.

*Sociological and Psychological
Factors Affecting Low Income Groups*

Poverty exists when the individual worker's productivity is deficient. Some of the same factors which make an individual relatively inefficient as a producer also make him inefficient as a consumer. The poverty stricken may be described in terms of income level and others appearing before this Special Committee have done so. The inadequate income level is the result of being too sick, disabled, old, uneducated or untrained, or too defective in ambition, personality or character, to produce effectively and hence to receive an adequate income. The poor are the ones who have been left behind by the general rise in living standards accompanying an era of rapid technological change which renders certain categories of worker or certain regions of a country economically obsolete. Adjustment to the changing economic world places a premium upon education and training. The defects in education and personality which prevent easy adaptation to changing circumstances or which otherwise lower an individual's efficiency as a producer also lower his effectiveness as a consumer.

Besides a low level of literacy, low formal educational attainments, or an absence of the skills which are in high demand in an industrialized society, the poor have psychological handicaps—certain attitudes and opinions, certain ways of thinking, acting and reacting—which form part of what has been termed the culture of poverty. The poverty-stricken often feel cut off from the mainstream of life and unable ever to return to it. They are psychologically defeated. The poor person is pessimistic about the future and often suffers from a pervasive depression.¹ Frequently he does not think consciously about the choices which he has to make in any area of life, including consumption. He does not realize that he pays more if he buys on time, does not understand the idea of interest or of a contract. He does not think in terms of a total price but rather in terms of the size of monthly payments. He does not read labels, compare prices, or compute per unit prices.² If he is from a traditional or rural background he may not read newspaper advertisements to find out what current prices are. He is

inclined to be fatalistic about a bad purchase when he realizes he has made one. The low income person often lacks self-confidence and has a low level of self-esteem, characteristics which make him vulnerable to the blandishments of salesmen who induce him to buy by flattering his ego. He is prone to impulse buying and vulnerable to fraud and deception.³ The deprived person has little experience of group behaviour or of its give and take, for he frequently does not belong to a union, political party, study group, lodge, church or committee action group,⁴ in part because he has difficulty in communicating ideas. To many, the idea of self-improvement through insight into their own problems probably seems impractical.⁵ These characteristics are by no means universally true,⁶ but they do have wide validity.

Poverty tends to perpetuate itself. Low incomes may result in poor nutrition which prevents good performance on the job and limits advancement. Children who are improperly nourished in very early infancy may suffer impaired mental development, but even if not so injured, they are apt to have low energy levels and poor achievement levels, and frequently leave school early. In addition they are held back by their generally deprived cultural background. When grown up they tend to be limited to the lowest levels of the work force and then to repeat their parents' experiences. Ignorance of birth control methods in addition to lack of money to purchase the necessary devices or drugs often means that families grow to a size at which they cannot be adequately supported on the available family income.⁷ A vicious circle exists from which it is difficult to escape.

One escape route from this vicious circle lies through education and training. This will improve productivity as a worker and efficiency as a consumer. The first is difficult where the life style is predominantly physical, where the value placed on education is low. The second also is difficult because many deprived people are disillusioned and cynical about institutionalized welfare and antagonistic towards social workers who exercise so much power over their lives.⁸ They find it difficult to verbalize and communicate their problems. Those who undertake to train them in the art of consumption are apt to arouse enmity and resistance unless they use special techniques and take special precautions to ward off hostile reactions.⁹

In short, we are dealing with the problems of a group particularly in need of protection as consumers because its members are:

"...more gullible, more easily cheated, less conscious of the quality of the goods they buy, more likely to over-commit themselves, more likely to deal with high cost neighbourhood stores and pedlars, unaware of credit charges, unable to understand and assert their right...[and for

whom]...a missed pay cheque spells disaster."¹⁰

These people live in:

"...a world where...[they]...are literally confronted with day-to-day survival—a roof over their heads, where the next meal is coming from. It is a world where a minor illness is a major tragedy, where pride and privacy must be sacrificed to get help, where honesty can become a luxury and ambition a myth. Worst of all, the poverty of the fathers is visited upon the children."¹¹

Furthermore:

"It is difficult for children to find and follow avenues leading out of poverty in environments where education is deprecated and hope is smothered."¹²

The difficulties mentioned above form the basis of a widely prevailing view, that all the poverty stricken are sunk in an apathy which effectively prevents doing anything to ameliorate their lot. But there is some evidence that these huge barriers can be surmounted. If the deprived are suspicious, withdrawn and unwilling to participate in organized activities (and this is partially true) there are reasons for it. Nevertheless, the events of recent years have shown that poor people will organize for objectives that are full of meaning for them. They do have an incentive to act and can be helped into action once they see practical ways of obtaining their goals. As mentioned before, special techniques are necessary as well as a special awareness on the part of those people who undertake to help them.¹³

Let us first consider some of their particular problems in detail.

The Poor as Consumers

The poor are often inefficient consumers, a phenomenon due to several factors.

The most important of these factors is the growing complexity of the products of modern industry. Many products commonly used in the home are produced by complex chemical, metallurgical or physical processes and incorporate mechanisms or ingredients beyond the ability of the majority of people to understand or to evaluate. They cannot even use them properly without specific and detailed instructions. Not many people understand the functioning of a television set. Not many know which chemical to use as a weed killer or would know how to use it in the absence of the instructions printed on the container. Clothing and household fabrics are made from a variety of man-made fibres which possess markedly different characteristics and which are sold by trade names numbering

in the hundreds. The characteristics of these fibres and consequently of the articles made from them are not sufficiently well known that the majority of consumers can evaluate the likely performance of the articles or their ability to withstand laundering or dry cleaning. The growing number of highly manufactured foods with such added ingredients as vitamins and artificial sweeteners, together with foods ready to use or requiring only a minimum of preparation, complicate the problem of maintaining adequate nutrition while economizing on the food budget. The complexity of modern goods means that a knowledge of traditional materials and products is inadequate. The average consumer faced with this situation can make rational and informed choices among these goods only if he first reads evaluations of them made by persons possessing the necessary knowledge and skills and having access to the facilities required to test them adequately. What the consumer needs is, first, access to publications giving this kind of evaluation and, second, the ability and desire to read it and act on it.

Here the second factor which tends to make very low income groups into inefficient consumers comes into play. Many of the poverty stricken do not have access to these product evaluations because they do not buy or borrow the newspapers, magazines or books which contain them and also because they have such a low level of reading comprehension that they would not understand what they read. Evaluations of consumer goods are contained occasionally in articles in daily newspapers, notably but not exclusively in the women's pages and in the Saturday editions, and the regular reader of a good quality newspaper can, over time, gain some awareness of the characteristics and uses of products and some of the pitfalls to avoid when buying or using them. Furthermore newspapers contain advertising which serves the necessary function of indicating when and where goods are offered and when special offers or reduced prices are available. Magazines such as *Chatelaine*, *Ladies Home Journal*, *Family Circle*, *Better Homes and Gardens* and *Cosmopolitan* also include some useful information. The most valuable and sophisticated evaluations, free from any taint of self-interest, of a wide range of consumer goods, are contained in *Consumer Reports* and *Consumer Bulletin* and the annual buying guides put out by the publishers of these magazines. There are also specialized magazines giving technical details of automobiles, stereo and hi-fi equipment and other durable goods. These magazines together with paper backs and hard cover books deal in depth with particular topics and are freely available in book stores, news stands, drug stores, cigar stores, supermarkets and department stores or in public libraries. Many deprived persons however never visit a library. Purchasing such magazines or books of course constitutes an additional burden on an already inadequate income.

An efficient consumer must also develop the habit of comparing the prices at which the same product or competing products are offered in various types of store. Extensive comparison shopping however requires considerable time and effort and usually some expense. To learn exactly what prices are being charged at, let us say, a downtown department store, two shopping centres, a discount store and one specialty store in a large city requires a good deal of travel. If one has an automobile the problem is not insuperable. But the poverty stricken do not have automobiles and public transportation may be so inconvenient or slow or sufficiently costly that those with very limited means may be either prevented or discouraged from making the effort. The frequent result is that they are not aware of the lowest price at which a desired item is available.

The general cast of mind of many low income consumers, noted in the previous section, leaves them vulnerable to misleading advertising, high pressure salesmanship and fraud. Failure to compute per unit prices can easily result in paying unnecessarily high prices. Impatience with printed matter or an inability to read printed instructions on packages of drugs or household chemicals (bleaches, detergents, cleansing compounds) may result in personal injury or damage to clothes or furniture. Inadequate incomes, frequently implying a lack of ready cash, means an inability to economize by buying in larger quantities or by taking advantage of special offers and bargain prices.

Food Purchasing Problems

Low income groups tend to be inefficient as consumers of grocery products. This may be due to inadequate knowledge of nutrition and of the nutritional value of particular food items in relation to their costs. Essential food elements may be lacking or if purchased may have been bought in too costly a form. Animal proteins, for example, can presently be purchased in the form of veal cutlets (\$2.00 or more per lb.), sirloin steak (\$1.69 per lb.), ground round steak (\$1.00 per lb.), chicken (\$.49 to \$.79 per lb.) or haddock (\$.59 per lb.). Most of the nutritional value of milk is available in the form of powdered skim milk at a fraction of the cost of whole milk or 2% milk delivered at the door. Rolled oat porridge will provide better nutrition than corn flakes and at a much lower cost. Sometimes the consumer may simply be unaware of the existence of cheaper but quite adequate foods.

A difficult factor to deal with is the resistance which some low income consumers have to the idea of purchasing nutritious but low priced foods because they are low priced. Confusing lower price with lower quality, they sometimes refuse to buy the low priced food item because they believe it is an inferior good

which is a mark of low income and low social status. Educational programs which try to teach alternative ways of preparing attractive dishes from low cost ingredients have been known to meet with resistance or rejection.¹⁴ Thus insufficient knowledge in combination with psychological factors may result in a purchase of unnecessarily expensive food, or in too heavy a consumption of starchy or fatty foods, or to the neglect of vitamin-rich foods.

Other factors add to the danger that too much will be paid for food. Limited funds for transportation may mean that a low income consumer has inadequate access to food stores which offer goods at the lowest prices. Such stores may be supermarkets located at the outskirts of a city or in some other area remote from and difficult of access for a deprived citizen. He may therefore have to rely on some less economical store such as a small corner grocery which typically has higher prices and a restricted range of products. If the consumer requires credit or delivery service he must again turn to the small local stores, for most supermarkets do not provide either. His lack of ready cash may make it impossible for him to buy in large quantities or in the larger sized packages or to take advantage of special offers.

Insurance Problems

The low income person is the one who most needs insurance but he is the one who is least able to buy it. Furthermore, his lack of knowledge of the various types of life insurance policy available means that he may well choose a type which is too expensive for him. Term insurance or diminishing term insurance gives greater protection per premium dollar than other types, but in most cases they have no cash value and no value as a form of saving. Ignorance of the various policies available and failure to distinguish between the insurance function and the savings function may lead to the purchase of an expensive type such as a 20 year endowment, the payments on which may impose an unnecessary strain on a limited income.¹⁵

To the extent that they are irregularly employed or unemployed, low income groups are unable to participate in group insurance schemes with their relatively low rates. The introduction of universal hospital and medical schemes will no doubt alleviate this situation to some degree, but life insurance seems likely to remain an unsolved problem.

Problems with Furniture and Appliances

Purchases of furniture and appliances by low income consumers in urban areas have been studied in some detail by scholars in the United States. If similar studies relating to Canada exist, they are not readily available. The extent to which the American findings are directly applicable to Canada is not clear. That

there are similarities between the economic and social environments of the urban poor in both countries is obvious. It is equally obvious that there are important differences. The large Spanish-speaking population of certain states has no counterpart in Canada. Negroes form a much larger fraction of the urban population of the United States than of Canada.

Whether the low income areas of the largest cities of United States have any exact Canadian counterpart from the point of view of sheer size or of the barriers they impose on the shopping mobility of their inhabitants may be doubted. Therefore American research findings should be regarded more as a basis of enquiry or as a warning of potential dangers than as findings regarding the Canadian scene until such time as the existence of similar situations in Canada is verified by research.

An important study of low income families in New York City in 1963¹⁶ indicated that their pattern of purchases of durable goods reflected the stage of the life cycle they were at. They tended to buy new rather than second hand furniture, sets rather than single items and the more expensive models of appliances. There was a strong tendency to buy major durable goods from neighbourhood stores due to lack of adequate transport, the need for credit, poor credit ratings and general lack of sophistication in consumer matters. The higher the family income, the greater the education of the family head and the lower his age, the greater was the tendency to go outside the neighbourhood to make important purchases. The lowest prices were enjoyed by those who purchased from sources outside their neighbourhoods.

A whole specialized system of retailing had grown up to serve and exploit this market. Price tags were absent from the goods, prices charged were high, quality was low, reconditioned furniture was sold as new furniture and "bait and switch" tactics were commonly used. The business was done primarily on credit and the high risks involved were compensated for by high prices and in addition by very heavy interest rates on instalment sales contracts. The system was characterized by abuses relating to debt collection, repossession of merchandise, deficiency judgements and wage garnishment. The consumers' responses to their problems were generally ineffective and often completely lacking.

In addition to the merchants who kept stores in the low income areas, there existed a whole hierarchy of pedlars, some of them nothing more than agents for the local merchants, others partially or wholly independent of them, who sold goods at the highest prices charged by any type of seller, frequently misrepresented quality and price, used "bait and switch" tactics, and generally charged exorbitant interest rates. A frequent result of buying from pedlars or local merchants was a state of continuous indebtedness on

the part of the purchaser. The highest prices were associated with the use of credit.

Other more recent studies by agencies of the United States Government have tended to confirm these findings.¹⁷

Credit Problems

Many of the difficulties experienced by recipients of low incomes in connection with purchases of durable goods arise from their use of credit. Sometimes they use it in a vain attempt to raise a standard of living which they have no hope of raising in any other way. They have low incomes or irregular incomes, few assets and scanty savings, if any. Sometimes they have not kept up the payments on previously incurred debts and they may have had their wages garnished. If they happen to be immigrants to an urban area either from a distant rural area or from a foreign country they may completely lack a record of past repayments of debts or long residence at a permanent address in their new environment. All of these factors mean that low income recipients are poor credit risks. For example, about 50 per cent of all those that apply for small loans to the small loan companies or money lenders are rejected.¹⁸ The poor therefore have access only to those sources of finance which cater to high risk consumers and who charge very high rates for their services. The person who does not belong to a credit union, who has a very low or irregular income and has no assets to pledge must rely on small loan companies and money lenders whose business expands when money is tight and interest rates are high. The only other alternative is trade credit, often involving the use of a conditional sales contract.

Some protection is extended to the small borrower by the Small Loans Act (Chap. 46, Statutes of 1956). This act requires licensing by the Minister of Finance if the lender wishes to charge more than 1 per cent per month. The Act applies to licensees under the Act (who are either "small loan companies" or "money lenders") on loans not exceeding \$1,500. The maximum costs chargeable are graduated and are the equivalent of the following flat rates:¹⁹

\$ 300 - 2.00 per cent per month
\$ 500 - 1.81 per cent per month
\$1,000 - 1.48 per cent per month
\$1,500 - 1.27 per cent per month

The Small Loans Act does not apply to loans over \$1,500, and does not apply to conditional sales contracts in any amount.²⁰ The latter are subject to provincial jurisdiction. Quebec, for example regulated certain aspects of these contracts under a 1947 act, now part of the Quebec Civil Code. The control of loan costs therein decreed applies up to a maximum of only \$800, but does not apply at all to sales of automobiles.²¹ Thus the protection extended to

borrowers by the two pieces of legislation mentioned is strictly limited.

Many low income consumers, as mentioned earlier, have little or no understanding of the nature of an installment sales contract or of the simple fact that sales that make use of this (and all other) forms of credit cost more. Frequently they undertake commitments which are too heavy in relation to their incomes and to necessary expenditures on shelter, food and clothing. Their precarious position may be upset by a death in the family, ill health or unemployment if such an event results in failure to keep up the monthly payments. Such failure can result in repossession of the merchandise by the seller or by the acceptance company to which the original seller may have sold the conditional sales contract or the promissory note commonly used in connection with such sales. If the holder in due course (the acceptance company) fails to recover the total amount owing under the contract from resale of the repossessed goods, he may seek and secure a deficiency judgment against the borrower and this may lead to garnishment of the borrower's wages. Some employers are so annoyed by the garnishment process that they fire the offending employee at once. If he regains employment elsewhere, his wages may again be subject to garnishment, he may again be fired, and thus he may never be able to pay off his indebtedness.

Some consumers are in a state of virtually permanent indebtedness. In recent years consumers, encouraged by consumer finance companies, have made a widespread practice of borrowing sums of money sufficient to pay off existing debts and to give them a certain amount of cash in addition. This process, known either as refinancing a loan or consolidating debts, of course adds to their debt and merely postpones their day of reckoning. Of the sum so borrowed only a minor fraction actually reaches the borrower in the form of cash, the most of it being used to extinguish existing debts.

Conditional sales contracts and the promissory notes commonly used as collateral have features not understood by the consuming public in general, including low income consumers. If a purchaser finds a defect in an appliance bought with the aid of these two instruments and fails to get satisfaction from the original seller, he sometimes stops his monthly payments, thinking that by so doing he can force the seller to put the appliance into good working order in order that payments will be resumed. This step is ineffectual. The promissory note is frequently sold by the original seller to a third party such as a finance company which under the terms of certain clauses usually incorporated in installment sales contracts and under the existing laws has a claim upon the borrower completely free of any and all undertakings or guarantees made by the original seller. The purchaser remains obligated to pay

the finance company unconditionally. Stopping monthly payments may well do nothing to get the goods repaired but will leave the debtor with the full amount of the obligation and in addition liable to repossession of the goods by the acceptance company, court costs, and legal fees. While these features of installment contracts and the promissory notes used in connection with them bear on all consumers who buy goods with the aid of these instruments, they bear particularly hard on the low income consumer for he is less likely to be aware of the nature of the installment contract, is more likely to react in an inappropriate or even harmful way, and has few or no other avenues of finance open to him.

If legal action were possible (assuming there were no clauses in the installment sales contract barring it) securing it would be more of a burden for the low income recipient simply because he has less discretionary income from which to pay a lawyer's fees. Furthermore, the poor man is less able than the well to do man to take time off from work to attend a court hearing.

Several provinces have taken steps to alleviate this burden. In Canada there is nothing either in law or jurisprudence which says that a man accused of a crime must be provided with free legal counsel if he cannot afford to hire his own lawyer. Neither is there any similar requirement regarding civil cases. Several provinces do however have legal aid plans. The most advanced is said to be that of Ontario. Under it anyone charged with an indictable offence has the right to the aid provided. In civil cases anyone is entitled to legal aid if he does not have sufficient means to hire a lawyer. He may be required to pay back the fee over a period of 18 months or if he wins his case he may be required to pay the fee out of the proceeds. The fees are set according to a schedule of fees agreed between the Upper Canada Law Society and the Government of Ontario, 25 per cent of the fees being contributed by the lawyers themselves and 75 per cent by the taxpayers of Ontario. The legal aid plans of the other provinces are not as extensive as that of Ontario.

Thus the use of credit by low income groups frequently entails a whole series of dangers, frustrations, and disappointments and redressing their wrongs is fraught with difficulties. Over-extension of credit may lead families to skimp on the necessities of life, and the increased tensions in harassed families and individuals frequently contribute to family breakdown, economic dependency, even to mental illness and crime.²²

Problems in Purchasing Automobiles

The possible difficulties of the low income consumer who purchases a used car are worthy of particular attention:

"The reasons why the financing of used cars is a special problem are: (1) that people with small incomes are more likely to buy used cars than new cars; (2) that finance charges on used cars are considerably higher than on new cars; (3) that a high proportion of used cars are repossessed, due in some cases simply to mismanagement on the part of the would-be purchaser, but excessive finance charges no doubt help to make the size of the payments unrealistic in relation to the income of the debtor; (4) that a used car may be the only means of transportation to and from work, in which case repossession is a calamity for a wage-earner and for the family dependent on him; (5) that when the used car is not as represented, sometimes so deficient that it does not serve the purpose of transportation, the purchaser may be forced to continue making payments to the buyer of a conditional sale agreement who accepts no responsibility to him; (6) that there is no limit to the charges that can be made under the guise of reconditioning it, and this may very well exceed the value of the vehicle. We were informed of a case recorded in a Montreal court where a truck purchased for \$650 and repossessed one week later, was resold for \$25."²³

These are problems of low income consumers in particular because they have a greater tendency to purchase used cars than other income groups.

For the same reason low income groups suffer detriment from the practice, illegal in some jurisdictions, of turning back odometers in order to suggest that the car is less worn out than it really is. That this practice tends to raise prices is shown by the fact that some American auto dealers lobbied against legislation aimed at outlawing the practice on the grounds that it would cause a fall in used car prices. The costs of repairing and maintaining second-hand cars, if the latter have been driven for many thousands of miles, are likely to be higher, even much higher, than on new cars, just as is true of the repair costs of most second-hand equipment. The burden of false odometer readings, first in excessive price, later in higher repair costs, falls largely on those least capable of bearing it.

Problems of the Elderly

Among the low income groups are to be found a considerable number of elderly people. Of course not all elderly people suffer from low incomes. But some do, either because they always received low incomes, even when young, or because retirement causes their income, once adequate, to decline to the point where their well-being is endangered. In the case of those who always were deprived, advancing age accentuates their problems. The second group may find they are in difficulty for the first time. For them retirement brings a sharp reduction in money income, the pension being much lower than the wage or salary formerly

earned. This may be supplemented by investment income or by sale of property or savings, but for the majority a pension or pensions are the most important or even the sole source of funds. The rise in the cost of living which has been general over the period since 1946 means that elderly persons on fixed money incomes have had their purchasing power constantly eroded.

The elderly usually have health problems which result in heavier medical, hospital and drug bills than are generally experienced earlier in life. The adoption of hospital insurance and the gradual adoption of medicare programs by the various provincial governments may be expected to relieve this problem to a considerable degree. The prescription of drugs by brand name rather than by generic name (when a choice exists) works a particular hardship upon the elderly poor, whose needs for prescription drugs are relatively greater. The difficulty of paying for medical care and prescription drugs may lead some elderly into an attempt to doctor themselves with the aid of over-the-counter drugs. The elderly have shown a tendency to use nationally advertised drug products rather than unbranded ones, a preference which results in paying unnecessarily high prices for the remedy desired. Self-doctoring may be dangerous if it is related to a serious condition which necessitates medical attention and prescription drugs, surgical procedures or physiotherapy. Even more serious is the danger that instead of seeing a qualified physician the person with cancer or arthritis or other serious illness will consult a quack and waste his money on useless or even dangerous remedies. Attempts to save money in these ways may not only be wasteful in themselves, but the deferral of proper treatment may result in a condition which is even more expensive to deal with and even harder to cure or alleviate.

Poor hearing or loss of hearing has lead many people, including the elderly, to purchase hearing aids. With few exceptions the complaints received about hearing aids come from the old age pensioners or other older people on fixed incomes. Sales of hearing aids have been accompanied in some cases by exorbitant prices, fraudulent advertising, verbal misrepresentation, lack of service, false diagnosis, non-delivery, and refusal to refund money for unsatisfactory equipment. Although investigation has shown that some of the complaints received are not justified, a high proportion are. Although responsible and ethical firms selling these aids are in the majority, the unethical minority has been able to exploit persons not in a strong position to defend themselves.

Several factors tend to produce a decline in the shopping ability of the elderly. Restricted income, lack of a car, inability to drive a motorcar or inadequate public transport may force them to live in an area where they do not have easy access to the stores

having the lowest prices. As far as groceries are concerned the lowest prices are often found in supermarkets or co-operatives rather than small privately-owned corner grocery stores. The larger outlets usually do not provide delivery service, and this fact plus the diminishing ability of the elderly to carry heavy or bulky packages or bags of groceries may effectively prevent them from buying cheaply in large quantities and in the less costly stores. An inability to read fine print against a non-contrasting background may mean that they cannot read labels and this may seriously interfere with their ability to compare packages and prices or may prevent them from knowing exactly what they are buying. Declining real income may restrict their ability to buy the printed sources of information and evaluations of new products while decreasing physical mobility may impede their visiting public libraries where the same publications could be consulted free of charge. A decline in visual acuity with advancing age may make printed media less valuable as sources of information. This is particularly unfortunate, for the modern merchandising system presents the consumer with the choice of thousands of items, a constant stream of new products or modifications of old products or new brand names which are bound to be unfamiliar and possibly confusing. The confusion may be more pronounced if retirement means moving from a rural area with restricted shopping resources and relatively few products to an urban area characterized by a much greater variety of both. Research has shown that the elderly put great faith in advertising and in national brands, perhaps due to extensive television.²⁴ They are inclined to rely on the opinions of friends in deciding whether to buy new products, but if their friends are predominantly from their own age group, they are bound to diminish in numbers and the consultees are likely to have the same difficulties as the consultants. But research has found that those in the age bracket over 64 years of age show a greater readiness to buy new products, especially new foods such as instant coffee, potatoes and T.V. dinners than those in the age group 55 to 64, a finding which runs contrary to some popular beliefs.²⁵

The elderly experience problems in securing suitable types of goods. They sometimes have difficulty in securing diet foods, for the nature of modern merchandising, which favours the production and distribution of large-volume items, makes the stocking of low fat, sugarless, or low calorie foods less profitable. Another problem is finding small enough packages of food at reasonable prices.²⁶

Older women often have difficulty in finding suitable and attractive clothing. The concentration of the mass merchandisers of woman's clothing upon advertising and selling clothing for the younger age groups, especially the adolescents and those in the 20's and 30's, has meant a neglect of clothing suitable for

older women. Changing body proportions make the youthful models unsuitable. Finding proper foundation garments is a problem for elderly women. They often find that readily available clothing is characterized by skirts or dresses that are too short and therefore immodest or simply too cold, or both, and by zippers placed at the back where they are hard or impossible to reach and operate, rather than at the front or side. Clothing in some ways suitable for older women may be available only in dull, monotonous colours, in unattractive designs and in a limited range of sizes. There is said to be a lack of cosmetic and hair preparations designed for women over 55. Many mass merchandised shoes have heels that are too high for safety. The elderly get discouraged at buying clothes and this occurs at a time when attractive clothing is peculiarly important in ego support.²⁷

In the matter of furniture the elderly have problems. Weakening muscles and stiffening joints mean that many furniture items enjoyed by younger persons are too low and are otherwise unsuited to use by the elderly. Automobiles are generally torture traps for the elderly. (They are difficult enough of access even for those much younger.) If an aged person turns to public transportation as an alternative, he may find that buses' entrance platforms are too high.

Certain characteristics of the elderly make them vulnerable to illegal trade practices. In face-to-face encounters with salesmen, agents, or peddlars, hearing loss may lead to an incomplete or imperfect understanding of what the salesman says, while the desire to avoid giving the appearance of not having heard or understood may lead to poorly considered purchases. Newer and more sophisticated products may be of a type they cannot properly evaluate. Slightly impaired judgment, or loss of confidence, plus loneliness, illness, and immobility may lead them to trust persons who should not be trusted and this makes them susceptible to high pressure salesmen, to "bait-and-switch" tactics, and misrepresentation of price. They are more susceptible to fraud and to malpractices in the credit field.

There are three types of fraud which bear particularly on the elderly.

One is fraud connected with the repair and maintenance of a house. Unable to do the necessary repairs themselves, they may enter into contracts for home improvements at exorbitant prices and sometimes for unnecessary repairs. In some cases these contracts may result in loss of a home or life's savings, for materials and performance may be inferior and tricky financing may be involved.

Another type is real estate fraud which purports to sell a retiring or retired couple real estate in a distant place. It may be promoted as suitable for a home in which to spend their declining years. These lands

sometimes turn out to be mere swamp. The result is a loss of savings at a time when such a loss may be a calamity.

Another type of fraud takes advantage of the laudable desire of many older people to engage in some form of constructive activity and the desire to supplement their pensions. The variety of these is great. They usually involve a substantial initial outlay of capital. The prospects of profits may be played up to unrealistic levels. The scheme may misrepresent the degree of technical skill or salesmanship required, the extent of the available market, the amount of time and effort required, or the amount of service and instruction to be provided by the promoters. Another fraud which exploits the same urge is the correspondence course which purports to offer a second career opportunity. The persons who have the qualifications necessary to some lines of endeavour on which courses are offered are already likely to be operating their own businesses.

A final problem of the elderly which will be briefly mentioned is that of funeral expenses for a deceased husband or wife. Throughout married life there is a rising probability that one marriage partner will die but in advanced age this eventually reaches the level of absolute certainty. The general nature of the mortician's business is not always such as to encourage the remaining partner to economize. As time passes the cost of a funeral is likely to represent an increasing burden to those whose fixed money incomes are already being eroded by inflation.

Measures to Improve Incomes

The solution of the consumer problems of low income groups clearly lies on the one hand in raising their incomes and on the other in raising their efficiency in spending it.

A necessary condition for raising low incomes is the maintenance of a high general level of employment and income. This involves considerations of monetary and fiscal policy as well as housing policy and is obviously beyond the scope of this paper. But while general prosperity is a necessary condition to raising the incomes of the poor, it is not a sufficient condition, for general prosperity with upward movements of incomes and prices is bound to leave untouched the money incomes of some groups such as those on pension or social allowances which do not provide for increases to compensate for increases in the cost of living. General prosperity in Canada as a whole will not likely cure regional or insular poverty nor will it cure case poverty.

In the last decade the Canadian Government has set in motion broad schemes to improve the economic well-being of particular regions which do not share in the general well-being. The names of ARDA, FRED,

and the Atlantic Development Board come to mind. In recent days this work has been reorganized under the Department of Regional Economic Expansion. This paper does not propose to deal with problems properly falling under the jurisdiction of that Department. Suffice it to say that it seems likely that with the best planned and executed schemes of regional development there will be some people who are too old, too poorly educated, or too inflexible to benefit from the vocational training and development projects to be undertaken.

We are therefore likely to find a certain number of people to whom education and re-training are unlikely to offer much in the way of improved prospects except at prohibitive cost. They will probably never have very great productivity and it is probable that direct welfare payments will help them more efficiently than any other measures. The subject of social welfare is a vast field, one that is beyond the jurisdiction and competence of the Department of Consumer and Corporate Affairs. All we would suggest is that the existing programs may require examination to discover possible gaps in coverage or instances in which programs may fail to provide for those who most need help. Such examination may indicate ways to widen coverage so as to provide income or more adequate incomes for those presently deprived.

Consumer Education

Our consideration of remedies will be confined to a discussion of ways of raising the efficiency of the low income recipient as a consumer. What we have to say may in many cases be applicable to consumers as a whole, regardless of income level, but will have particular relevance for the poor because all their consumer problems are more acute.

Clearly the consumer needs to be educated to a far greater level of sophistication than he presently possesses in all aspects of consumption—including nutrition, the selection of appropriate clothing and household fabrics, the buying of appropriate furniture, appliances and automobiles, and the question of whether to buy or rent a house or apartment. But he particularly needs education in the nature of credit and of contract, the costs of credit from various sources, the pitfalls of installment buying, and the desirability of setting priorities in family expenditures, budgeting, and limiting indebtedness to ability to pay. Attention needs to be given to methods of finding factual information and disinterested evaluations of products, to the need to discount most advertising, to the need for comparison shopping, computing per unit prices, and securing the economies of large purchases.

It seems desirable that courses dealing with the foregoing be introduced into our systems of formal education no later than the high school level. Of course this is a matter falling under the jurisdiction of

the provinces and it is interesting to know that two provinces (British Columbia and Alberta) have consumer education courses in their high school curricula.

There is room for both the federal and the provincial governments to participate in consumer education outside the sector of formal education. Some provinces (British Columbia and Ontario) are making use of radio or television programs, public speakers, seminars and the distribution of pamphlets to teach the consumer various aspects of effective purchasing. The Consumer Information Section of the Consumer Services and Information Branch of the Department of Consumer and Corporate Affairs is engaged in providing, among other things, a number of consumer communiqués on various relevant topics. The Consumer Service Section of the Branch operates Box 99, the Department's complaint service, to which all consumers are entitled and encouraged to write if they have experience with unsatisfactory goods or services and have been unable to secure satisfaction from the sellers. The replies sent out by this section also have an educational value.

In the matter of dealing with consumer complaints there is a need for extensive co-operation between the federal and provincial departments because of the division of responsibilities under the British North America Act. Co-operation and consultation is desirable too in the production of pamphlets, brochures or books in order to avoid duplication and also to ensure complete coverage of the field.

The work of consumer education must not and in fact is not being limited to the efforts just outlined. Provincial and municipal welfare agencies could aid in educating families in better consumption practices as part of their family counselling services and by organizing discussion groups on consumer matters. Labour unions also could play an important role in instructing their members in such matters as family budgeting and in avoiding the pitfalls associated with the use, misuse or overuse of credit. A Quebec group known as the Cooperative Family Economics Association, which is associated with the Confederation of National Trade Unions and various provincial or municipal welfare agencies is engaged in counselling families which are in financial difficulties and also in the organization and leadership of discussion groups on consumer affairs. This educational work is often difficult and requires skill, insight, patience and a willingness on the part of the leaders to adjust and learn from their "students". The sheer volume of the work to be done along these lines is staggering. Consumer counselling of the elderly could perhaps be provided in connection with senior citizens' social and recreational centres.

*Government Measures to Improve
the Consumer's Position*

The Federal Government has taken a number of steps in recent years to improve the consumer's position. These actions will benefit all income groups, not merely the poor.

One significant aspect of governmental action relates to lowering the cost of prescription drugs. The Amendments to the Patent Act and the Trade Marks Act embodied in Bill C-102 will provide for compulsory licensing of patented drugs and is designed to stimulate competition in the industry. This bill is now before the Senate. Other facets of the drug program include the abolition of the federal sales tax on drugs, the reduction of tariffs on many drugs from 20 to 15 per cent, the provision of financial assistance to small drug manufacturing companies and the dissemination of information to physicians on the prices of drugs sold by brand name and by generic name. These measures should go far to reduce the cost of prescription drugs, but there are further steps which may be taken in collaboration with the provincial authorities.

Preventing the erosion of the purchasing power of those on fixed incomes during a period of rising prices by means of direct price controls is not within the power of the Federal Government in time of peace. The duties and activities of the Director of Investigation and Research under the Combines Investigation Act, however, are concerned with preventing the formation and operation of combines and conspiracies in restraint of trade, the practice of resale price maintenance, and the misrepresentation of the regular or usual price at which an article is sold, and his efforts along these lines have the effect or tendency of keeping prices down or at least preventing them from rising as quickly as they otherwise would. After the passage by Parliament of the Omnibus Bill to amend the Criminal Code, the Director of Investigation and Research will have, in addition to his present duties, the administration of what up to now has been Section 306 of the Criminal Code, which deals with misleading advertising. Vigorous prosecution of misleading advertising will improve the consumer's ability to make well informed judgments by improving the quality of advertising copy.

The Federal Government has been actively promoting other programs to aid the consumer in making better decisions. Three of these programs concern textile products. The Canada Garment Size Program is a system of standard sizes for children's garments worked out by the Canadian Government Specifications Board with the aid and co-operation of a number of retailers, manufacturers and others, and covering about 70 per cent of all children. The Canada Standard Size Symbol is a national trademark which manufacturers may use under regulation by and licence from the Canadian Government. The Department of

Consumer and Corporate Affairs is developing plans for a law which would make mandatory a system of labelling to show in generic terms the fibre content of all textile products. The third program is the care labelling program developed by the Canadian Government Specifications Board and some twenty-one retailers, manufacturers and other organizations. A system of symbols has been developed covering the operations of washing, bleaching, ironing, drycleaning and drying with regard to color-fastness, dimensional stability, and the effects of pressing. The scheme is designed to indicate when certain processes are to be used freely, used with caution or not at all. The symbols are intended to be used on tags permanently fixed to garments. Adherence to the use of this labelling system will be voluntary. Once the scheme is finalized it will be given extensive publicity by the Consumer Service and Information Branch of the Department of Consumer and Corporate Affairs in co-operation with other interested agencies. Work has been begun on the problem of dangerously flammable fabrics.

The Hazardous Products Act, presently before the Senate, aims at preventing completely the sale of certain dangerous products and at subjecting others to regulations.

Over the past several years there has been increasing recognition of the problem of using promissory notes collateral to consumer credit transactions. It is a fairly general practice for consumers to sign promissory notes when they enter into a conditional sales contract although it is quite often not made clear that the signing of a promissory may affect a consumer's right to redress. In circumstances where the goods bought are unsatisfactory for one reason or another but the promissory note has been sold to a finance company, the consumer remains obligated to pay the finance unconditionally.

Sometimes this results in serious inequity and a number of proposals have been made to modify the rules pertaining to a holder in due course. The Special Joint Committee of the Senate and the House of Commons on Consumer Credit reviewed this problem and recommended that promissory notes used in consumer credit transactions be specially endorsed and that the purchaser be entitled to raise any defences he may have against the finance company. There have also been other proposals to the effect that the assignee of a promissory note should not become a holder in due course until the lapse of some specified period.

This whole issue is intimately bound up with two other contractual conditions normally found in a consumer credit contract, that is, the so-called cut-off clause and the disclaimer clause. In signing such clauses the consumer waives his right to raise defences against the assignee of a promissory note and also expressly limits the terms and conditions of the war-

ranty to those expressed in the contract. The law relating to the status of a holder in due course is set out in the Bills of Exchange Act and this is, of course, a responsibility of the Federal Government.

The other aspects of the contract are, of course, within the jurisdiction of the provinces. We have had a number of discussions with the provinces in the past few months in an effort to arrive at some joint action which will eliminate the inequity that sometimes arises in disputes revolving around conditional sales contracts. At the present time the issue is the subject of active consideration both at the federal and provincial levels and it is hoped that some resolution of the problem will be available fairly soon.

This whole matter is usually of primary importance to low income consumers since they are most likely to be involved in financing credit purchases through conditional sales contracts and promissory notes.

After the formation of the Department of the Registrar General with its responsibilities for consumer affairs it was proposed to the Interdepartmental Committee on Consumer Affairs that an inquiry should be made into all aspects of hearing aids and

recommendations made thereon to lessen the problems of hearing aid users. For this purpose, the Interdepartmental Committee agreed on November 15, 1967 to the establishment of a technical subcommittee and directed the subcommittee to solicit information where necessary from organizations and individuals with special knowledge of the subject.

A number of briefs have been received and additional information has been obtained from the Subcommittee members many of who are experts in the field of hearing and sound and from other sources. This information is now being collated and a report will be presented to the Interdepartmental Committee on Consumer Affairs this summer.

Since the problem has aspects which can be dealt with only by Provincial Governments it is intended that the Subcommittee report should be distributed to provincial agencies responsible for consumer affairs. As permitted by section 6(2) of the Department of Consumer and Corporate Affairs Act, the Minister may cause to be published the Subcommittee's report or such parts of it as he considers appropriate and in the public interest.

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- ⁹C. Ratner, *op.cit.*, pp. 109-112; "Consumer Education for Disadvantaged Adults: A Guide for Teachers", Vol. XI, No. 1, Fall 1967-68, of *Illinois Teacher of Home Economics*, (University of Illinois); *Consumer Education for Low Income Families* (Mount Vernon, New York: Consumers' Union of U.S., Inc., April 1966).
- ¹⁰*Report on Consumer Credit of the Special Joint Committee of the Senate and the House of Commons on Consumer Credit and Cost of Living*, February, 1967, p. 82. This report will be referred to hereinafter as "Canadian Joint Committee Report".
- ¹¹United States' President's Council of Economic Advisers, "The Problem of Poverty In America", quoted in W. A. Weisbrod, *op. cit.*, p. 65.
- ¹²*Ibid.*, p. 79.
- ¹³See sources noted in footnote 9, especially the last-mentioned, pp. 4-8.
- ¹⁴A. Toyer, "Consumer Education and Low Income Families", *The Journal of Consumer Affairs*, Vol. 2, No. 1, p. 118.
- ¹⁵Caplovitz, *op. cit.*, p. 112.
- ¹⁶Caplovitz, *op. cit.*
- ¹⁷Federal Trade Commission, *Economic Report on Installment Credit and Retail Sales Practices of District of Columbia Retailers* (Washington: March, 1968).
- ¹⁸*Canadian Joint Committee Report*, p. 75.
- ¹⁹*Proceedings of the Special Joint Committee of the Senate and House of Commons on Consumer Credit*, 1964, p. 22.
- ²⁰*Ibid.*, p. 27.
- ²¹Quebec Civil Code, Articles 1561a to 1561j.
- ²²*Ibid.*, pp. 57-58.
- ²³*Ibid.*, p. 29.
- ²⁴*Hearings before the Subcommittee on Consumer Interests of the Elderly of the Special Committee on Aging, United States Senate, Ninetieth Congress, First Session, Part 1* (Washington: U.S. Government Printing Office, 1967), p. 77.
- ²⁵*Ibid.*, pp. 128-129.
- ²⁶*Ibid.*, pp. 42, 59.
- ²⁷*Ibid.*, pp. 19-20, 29-31, 36-37.



First Session—Twenty-eighth Parliament

1968-69

THE SENATE OF CANADA

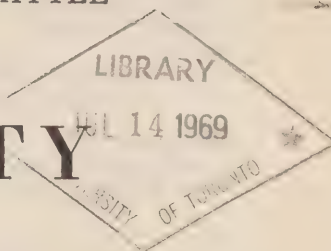
PROCEEDINGS

OF THE

SPECIAL SENATE COMMITTEE

ON

POVERTY



The Honourable DAVID A. CROLL, *Chairman*

No. 9

TUESDAY, JUNE 3, 1969

WITNESSES:

Unemployment Insurance Commission: Mr. J. M. DesRoches, Chief Commissioner, Mr. T. B. Ward, Commissioner. Mr. R. L. Beatty, Director General. Mr. D. J. Macdonnell, Chief, Coverage Division.

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman*.

The Honourable Senators:

Bélisle

Carter

Cook

Croll

Eudes

Everett

Fergusson

Fournier (*Madawaska-Restigouche,*
Deputy Chairman)

Hastings

Inman

Lefrançois

McGrand

Nichol

O'Leary (*Antigonish-Guysborough*)

Pearson

Quart

Roebuck

Sparrow

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, Lefrançois, McGrand,

Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.”

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

Tuesday, June 3, 1969.

Pursuant to adjournment and notice the Special Senate Committee on Poverty met this day at 9.30 a.m.

Present: The Honourable Senators Croll (*Chairman*), Belisle, Carter, Fergusson, Fournier (*Madawaska Restigouche*), Inman, McGrand, Pearson, Quart, Roebuck and Sparrow.

In attendance: Mr. Frederick Joyce, Director. The following were heard:

Unemployment Insurance Commission:

Mr. J. M. DesRoches, Chief Commissioner.

Mr. T. B. Ward, Commissioner.

Mr. R. L. Beatty, Director General.

Mr. D. J. Macdonnell, Chief, Coverage Division.

(Biographical information respecting Mr. DesRoches follows these Minutes.)

A brief submitted by the witnesses was ordered to be printed as Appendix "J" to these proceedings.

At 12.15 p.m. the Committee adjourned until Thursday next, June 5, to meet *in camera* at 9.30 a.m.

ATTEST.

John A. Hinds,
*Assistant Chief,
Committees Branch.*

BIOGRAPHICAL INFORMATION

Jacques DesRoches is a native of Ottawa, where he was born on April 9, 1924. During World War II he served with the Royal Canadian Artillery in the Northwest Europe theatre of operations. After graduating from Carleton University in 1950 with Bachelor of Commerce degree, he joined the Dominion Bureau of Statistics as a statistician. From 1954 to 1963 he was with the Civil Service Commission, first as a management analyst and later as a senior organization analyst. In 1963 he was promoted on joining the Department of Defence Production and later was appointed Director of the department's Management Services Branch.

Mr. DesRoches was loaned to the Civil Service Commission staff in 1965 as Director, Socio-Economic Staffing Program, and in 1967 he rejoined the Commission, now called the Public Service Commission, as Assistant Director General of the Staffing Branch.

On December 11, 1967, he was appointed Chief Commissioner of the Unemployment Insurance Commission, and he is the sixth holder of the office since the Commission was set up in 1940. Graduate in commerce, he had pursued specialist studies in administration, management, data processing and organizational analysis. He is the author of a number of papers on organization and management subjects. He is former president of the Ottawa Board of the Canadian Hearing Society, serves on the board of other agencies, and has held office with the Public Personnel Association.

The following is a list of the other officials who will be present at the meeting:

Thos. B. Ward, Commissioner.

Morris C. Hay, Q.C., Commissioner.

R. L. Beatty, Director General.

D. J. Macdonnell, Chief Coverage Division.

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Tuesday, June 3, 1969

The Special Senate Committee on Poverty met this day at 9.30 a.m.

Senator David A. Croll (*Chairman*) in the Chair.

The Chairman: Honourable senators, our witness is Mr. J. M. DesRoches, Chief Commissioner of the Unemployment Insurance Commission, a long-time civil servant of varied experience. He is accompanied by Mr. Thomas D. Ward, Commissioner; Mr. R. L. Beatty, Director-General, and Mr. D. J. Macdonnell, Chief Coverage Officer.

Mr. DesRoches will give a short summary, and then we will open the questioning.

Mr. J. M. DesRoches, Chief Commissioner, Unemployment Insurance Commission: Mr. Chairman, Honourable senators, my introductory remarks will be by way of a summary of the three main parts of the brief.

First of all I would like to present a very general outline of the unemployment insurance programme, what it is designed to do and how it may relate to the problem of poverty. We have covered this in greater detail in the brief. We have an appendix that describes the plan in detail, so that I will not get into detail but will give you a general outline of the programme.

Secondly, I would like to offer some comments on where the unemployment insurance programme fits within the system of social security, and to indicate some of the gaps which may exist in this system. You have all heard about abuses, and I will not discuss this, but if you wish to raise a question about this we are quite prepared to discuss this particular aspect.

As a third part, I would like to indicate some specific areas where the existing programme could be extended and improved, to make it more effective and better integrated with the rest of the government programmes.

The basic concept of the Unemployment Insurance Act is a form of compulsory insurance for all workers in specific employments covered by the plan. According to this plan the workers are paid certain benefits to replace wages which are lost as the result of an inter-

ruption of employment, normally of an involuntary nature.

To qualify for these benefits, the worker must meet certain conditions. Some of the conditions are of the insurance type, in that they have to contribute for a certain length of time; they have to be participating in the labour force and to have paid contributions and their employer have paid contributions for a certain time. This is the first condition.

The other condition pertain to their status at the particular time they are unemployed. They must be unable to get work, and they must be ready, willing and able to take suitable employment

There is no test of needs or means, but these conditions which I have just outlined are the conditions that they have to meet, so it is a form of insurance in that they participate by making half the payment, along with the employer, and when they are unemployed and they meet certain conditions, they are entitled to draw benefits.

This form of insurance has been gradually extended. It began with a rather narrow coverage along certain insurance principles. In other words, both the worst risks and the better risks were eliminated in the initial plan; but gradually the programme has been extended over the years, until now it covers about 5¼ million workers, and since the inception of the programme there have been upwards of \$6 billion in benefits which have been paid out.

Nevertheless, in spite of these statistics, I think it is fair to say that the programme can only have an indirect effect on the poverty situation. It protects from loss of income those who have recently been in gainful employment specifically covered by the scheme—and this is important. It does not help members of the labour force who have always been self-employed or those who are engaged in uninsured employment, or the mother who is the head of the family and because of family responsibilities cannot take work outside the home, or the person who has never been able to work steadily because of physical, mental or other disabilities.

In other words, the unemployment insurance programme does not lift people out of poverty, but it is there to alleviate the plight of a segment of the

population that is normally employed; and as such it can prevent those people from drifting into a worse economic status.

However, one must consider the rate of benefits related to earnings. From some point of view, this may not be high enough, in cases of protracted unemployment, to prevent a fairly steady deterioration.

So much for the general outline of the scheme. I would like to turn now to the question of where it fits within other programmes. I would like to point out that it is only one of many government programmes in the field of social security and human development—and here I am referring to federal as well as provincial programmes.

Within its own sphere, there is no question that it performs an extremely useful service, but it is part of a mix of programmes which are required to tackle the whole situation of unemployment or poverty. Some programmes are aimed at overcoming or removing the cause of poverty; others are aimed at relieving or assisting particular segments of the population who are in need of income or service.

Unemployment insurance as it is presently conceived and designed, is strictly a means of alleviating hardship relating from temporary loss of earnings.

During recent years, about one million persons per year have drawn benefits for an average duration of twelve or thirteen weeks each, but there are still gaps in this coverage. As I mentioned earlier, some of the gaps are beyond the scope of unemployment insurance. Such is the case with self-employed people, those not normally employed, and of course those who have ceased to be protected by the plan for one reason or another, either by income level or because they have exhausted benefits, for example.

Within the scope of you or I, leaving aside those areas which are perhaps outside our scope, there are no specific provisions, for example, for people who become unemployed due to illness which is not work-related. Workmen's compensation covers work-related sickness or illness, but if somebody becomes unemployed because of illness which is not work-related there is no coverage for this type of situation. A person in this condition does not receive benefit under the present law, although another person who would be already drawing benefit and becomes ill is now entitled to continue to draw benefits.

Another gap is the loss of earnings due to pregnancy. A growing number of employers allow maternity leave, but there are few employers who continue wages during the period of leave. I think the growing participation of women in the labour force would suggest the need to reconsider this area of benefit.

The more substantial gap perhaps lies in the fact that in excess of a million workers are still excluded from the provision of unemployment insurance. Most of these exclusions were made, as I noted at the beginning, when the programme was first begun, and they were made primarily for administrative reasons or reasons of insurance principles. Again, this is a gap which many studies of unemployment insurance have high-lighted in the past.

Turning now to some of the specific improvements . . .

Senator Roebuck: Examples of those excluded, the one million workers?

Mr. DesRoches: Hospital and charitable associations.

The Chairman: We will get into that, Senator Roebuck, if we could just let him finish.

Mr. DesRoches: In the overall operation of human development programmes, it seems to us that the responsibility for doing more than alleviating the plight must be more clearly recognized.

The payment of benefits, as such, is a narrow objective. We believe that this process of paying benefits at regular intervals could be more fully exploited as a channel for helping the unemployed person to find his way to all other government programmes that concern him, and to solve his problems before they degenerate into the kind of situation which this committee is examining.

What we have in mind here is that we have the first point of contact with perhaps a million people a year who come to us, and we believe that we should do more and we should co-ordinate our efforts more with other government programmes, so that we can channel people to the various other programmes which are offered to them to help solve their problems.

The concept of unemployment insurance is still valid, but its role in the 1970s, I think, must now be examined in relation to these other programmes which have been born in the past twenty-odd years since unemployment insurance was first conceived. These programs together form a spectrum of human development schemes, and there must not only be a closer rapport between the agencies concerned, but a greater integration perhaps of all our aims and objectives in dealing with the individual unemployed person and his family.

To this end, we feel that the complete re-assessment of other aspects of our programme—such as the amount of benefits, eligibility conditions, and the supplementation of benefits in depressed areas as well as the extension of coverage and benefits which I have

already referred to—is an important requirement; and we are presently giving serious attention to this in order to let the government of desirable improvements.

This basically is the summary of my presentation. I would like to answer any questions which you would like to raise beyond this.

The Chairman: I think there will be some questions, Mr. DesRoches. Senator Carter.

Senator Carter: Mr. DesRoches, you say that benefits have been extended, and yet your appendix shows that there are 17 per cent still not covered. I am wondering whether that 17 per cent consists of the groups in your notes below the figures on appendix C, or if it includes others.

You speak of a million being excluded. Is that million included in the 17 per cent, or is it included in the group below?

Mr. DesRoches: If you look at appendix C, the top line is the workers in insurable employment, which is 5,223,000 or 83 per cent. The rest of the figures, which total up to a million and 17 per cent, are the people excluded, the categories of employment which are now excluded—workers in excepted employment. These include hospitals and charitable institutions, permanent government employees, teachers, and salaried employees paid over \$7,800 a year. This is the list of the people who are excluded, who are not included at present.

Senator Carter: Yes, they are not taken care of in these notes.

Mr. DesRoches: No, in addition there are these other categories of self-employed, armed forces. The (3) refers to employers and self-employed persons. The second note refers to those who are in casual, part-time work and private domestic service. There are also unpaid family workers who are also excluded. So of the paid workers, 17 per cent are excluded.

Senator Carter: 17 per cent of the paid workers.

Mr. DesRoches: That is right.

Senator Carter: But there are still a million who are excluded?

Mr. DesRoches: There is a million paid workers who are excluded; and there would be perhaps 700,000 who would be employers and unpaid workers.

Senator Carter: On what principle are they excluded, because they are self-employed? They are not all self-employed.

Mr. DesRoches: No, the categories in the body of the table were excluded primarily because, when the plan was first conceived, it was decided that certain categories were either a poor risk or too good a risk on insurance principles, and categories were left out on both sides. Over the years certain of the so-called "poor risk" have been brought in, and certain of the other categories. I do not think there is any principle other than the fact that this was based on the same ideas of insurance: you limit your risks. The plan was very limited at its inception, and it was done by limiting the risks on both sides of the fence. At this date I do not think one can say there is a principle why these people should be excluded.

Senator Carter: So that they could very well be included, if there were a change of policy?

Mr. DesRoches: We believe so, yes.

Senator Carter: We are interested in your brief mainly from the standpoint of its impact on poverty. You say that it could make a contribution towards the alleviation of poverty. In your brief under "main conclusions and recommendations" you outline a number of things that could be done, such as wider coverage, more effective benefit provisions, treating loss of employment, and so forth; but you leave out three which I think are most important which, in my opinion, instead of alleviating poverty, contribute to it. I would like to take up at least two of these categories with you.

Suppose a person becomes unemployed. He is not eligible unless he is registered and states categorically that he is willing to take work anywhere in Canada. The poor person, however, cannot go anywhere; he cannot go very far outside his own area. Very often he says: "Yes, I will take a job if it is in an area where I can get to it, in my reach," but if he says that he is disqualified. Do you have any comment to make on that?

Mr. DesRoches: My comment would be that it is not a condition that a person be available for work anywhere; I think we do not impose this kind of condition. There is a judgment in each case, and availability is judged within the competence of the individual, within the hardship that would result from having to move. I do not think—and I have heard this comment before—that people are asked to make a choice between moving anywhere or being disqualified.

What normally happens is that a person is on unemployment benefits for a certain period of time, and after they have been on for that certain period of time we have to test their desire to take work if employment is available. Obviously, after a certain length of time, if employment is not available in the immediate area, we would try to convince the people

concerned that it would be to their advantage to take employment perhaps within a radius of twenty-five or fifty miles, that type of movement, but not beyond this.

Senator Carter: Is it not true that if he qualifies his availability at all, he does not get any benefits?

Mr. DesRoches: If he is disqualified he does not get any benefits, that is true.

Senator Carter: If he qualifies his availability; if he says, "I will take a job but . . ."

Mr. DesRoches: If he restricts his availability.

Senator Carter: If he restricts his availability at all.

Mr. DesRoches: I do not think it is all one way though. I think we cannot tell him: "You are disqualified because there is a job available". It must be suitable employment of the type that corresponds to his capabilities.

As I say, a judgment has to be made, but I think in each case we have to determine that the type of work that would be available to him would meet his requirements as to skill and as to salary level as well, and as to location. So these factors all have to be taken into account.

Senator Carter: Yes, but I am concerned with the poor fellow who is out of work and gets no benefits because he said: "I will take a job but I would like to have the job nearby so that I can get to it," and because he said that he does not get any benefits, period.

Mr. DesRoches: I agree, because this is what we are doing in administering this law: we have to administer it the way it is written now. This is the principle, that the individual has to help himself and do certain things. In other words, he would have to be involuntarily unemployed. I think if we paid unemployment benefits to every person who was voluntarily unemployed, there would be no purpose to the whole scheme. In other words, if a person says: "I will leave my job and I will not take any work," what is the point to the scheme?

Senator Carter: I can see that, if a person refuses to take a job. However, I have had to advise hundreds of people: "If you say you are available for work, say 'Yes, I am available for work anywhere'"; even though the authorities have no job to offer the fellow either in his own area or elsewhere, because if he just qualifies his availability one tiny bit he does not get any benefits.

Mr. DesRoches: We do not offer the jobs. I do not want to use this as an excuse, because I think the fact that we do not offer the jobs is perhaps a change in the way the system operates.

Senator Carter: Yes.

Mr. DesRoches: Nevertheless, I think the adjudicator has to take into account that there are job available within certain conditions.

Senator Carter: You did not include that in your list of what might be done to relieve poverty. I was wondering why you left it out.

Mr. DesRoches: I think there are many forms of disqualification, and you are only pointing out one method of being disqualified. The plan operates on the basis that a person must qualify by meeting certain conditions, and there are many different ways a person can be qualified or disqualified. I think you are only pointing out one. I think the fact that they exhaust their benefits, for example, is just as serious.

Senator Carter: Yes, that is an obvious one, if they exhaust their benefits. Under the present Act the law comes into force and you have no choice; but here is a question of opinion where you are leaving it to some adjudicator hundreds of miles away from this poor chap, who does not know his area, who does not know the circumstances surrounding his employment, but who is the one that determines whether he is available or not.

Mr. DesRoches: I would not accept your comment that he does not know the area. We still have offices in areas, and the people are there, so that they are familiar with what is going on. I will admit we do not have them in every small town.

Over and above this, there are two levels of appeal from our decision. It may be a bureaucratic decision, but there are still two levels of appeal above this that the individual can use. Furthermore, I do not think we try to make decisions unless we have some precedent to base them on. So I think there are protections within the law which are well beyond our manipulation. I feel that these are adequate at the moment. I do not know if you have any suggestions as to how we could change this. I think we still have to test the state of mind, which is a difficult thing.

Senator Carter: The obvious solution is for the fellow to say: "I am available for work". That is all he has to do, whether he is available or not; he has to say that to become eligible. If he puts in any qualification, then the whole bureaucracy of red tape comes into play, and it may be weeks before he can get it.

I am talking about Newfoundland now; I come from there and I know what I am talking about, because I have handled too many of these cases.

Mr. DesRoches: I think whether the person declares one thing or another, we still have to ask the same questions, and we still have to go through the same process.

I do not agree that merely because one person is shrewder than another and says, "I am available anywhere", which the other chap does not say—this could happen, but I think we try to be as fair as possible about this and to question everyone. We are questioning more and more people on all these conditions. It is part of the job.

Senator Carter: Most of these people are not too well educated, but they are pretty honest people, and when they get this form—"Are you available for work?"—then say to themselves: "I have got to give an honest answer. I cannot take a job a hundred miles away, but I will take anything I can do that is within my reach, that I can get to". But when they put all this on paper, about a couple of weeks later, when the thing has been adjudicated, they get back a notice that they are disqualified because they are not available. This they do not really understand.

I would like to go on to another case which you omitted where I would like to know why it was omitted. This is the case of fishermen. Fishermen are usually poor people with average earnings probably under a thousand dollars a year. They usually spend the winter-time repairing their boats or building new boats or mending nets or knitting new ones, but sometimes when they are engaged in this type of activity, which is essential to them, they again become disqualified because they are held to be employed.

Mr. DesRoches: I do not know how many fishermen are disqualified. I think we recognize that there is such a thing as the possibility of fishing and not fishing, but I doubt very much that we would disqualify people on availability under conditions where their livelihood depends on fishing and they have no other possibility of employment. I would like to know specific cases, because, as you know, we are paying thousands and thousands of fishermen. In fact, the fund pays out to people participating in the fishing industry ten times more than it draws in from them. So I doubt very much if, as a generality...

Senator Carter: It is this type of thing that helps to keep these poor chaps in poverty.

Mr. DesRoches: I am not sure now. I think it is a point that could be debated, whether it is the

non-payment of unemployment insurance which keeps them in poverty, or whether there are no adequate provisions to look after the total problem.

Senator Carter: It certainly makes their lot a bit harder. It does not alleviate but increases their burden.

Mr. DesRoches: No, it could be the sale of fish, for all I know.

Senator Carter: I am talking about as it applies to unemployment insurance benefits.

Mr. DesRoches: This is why I emphasized it, Mr. Chairman, at the beginning, that the program is structured as an insurance program, and as such we have to administer the way it is structured, which means we have to test these conditions.

Senator Carter: Yes.

Mr. DesRoches: Unfortunately, it may not be a helpful device for people who need the income.

Senator Carter: But you suggested possible changes where you could help to fight poverty, and this one is not included either. I just wondered why.

I would like to go on to the third one, and that has to do with the licence to issue stamps. A person cannot get unemployment benefits unless he gets stamps, and only certain people are licensed to issue stamps. There may be lots of work in the community. A carpenter, for example, or handyman in a small community could probably find full-time work, enough to keep him busy and to earn him a living; but to get stamps he has got to be employed by somebody who has a licence to issue those stamps. If someone in the community wants to employ this man for a couple of months to repair his house, or build a new one even, it does not pay him to take it because if he takes it he cannot get any stamps. The person who is going to employ him cannot give him stamps, and therefore the man has no chance of getting unemployment benefits. So instead of taking this job which is available, or a number of jobs which could give him full-time work, he does not take any. I have personal experience of this. I had a boat when I was a member, and this boat needed a lot of work done on it which would have been a good year's work. I could not get a single carpenter who was qualified for the job to do it, because I could not pay him stamps—unless I followed some under-handed procedure of getting somebody to act as a "front man" to give him stamps. That is what it means.

Mr. DesRoches: I think I can only explain the reason for this restriction, which I think is a wise

one. It is not a matter of people being licensed or not. I think the action of licensing is just a mechanism. The distinction here is between an employer and somebody who is a casual employer of other people. I think you can understand that if this restriction were not there, it would be fairly easy to abuse the program—particularly with stamps—in that any friend could affix stamps in somebody else's book, and there would be just no control as to what would be a contribution and who would be an employer or employee. I think, as a generality, this is the reason for it.

If you have a job to be done that will take a year, there would be nothing to prevent you or anybody else, I am sure, from registering for that purpose. I do not think we would impose any restriction on this. We could consider you for this purpose as an employer. We do not impose restrictions as to who should be an employer. What we try to do is to avoid people posing as employers who are not in fact employers. Consequently there is this restriction.

Listening to your question here, I must say I am afraid I cannot help a person to make a choice between working and not working, if his main ambition in working is to get stamps. I find this a bit difficult to understand.

Senator Carter: Yes, but it has a psychological effect on the person. Everybody who works nowadays expects to be able to get stamps.

Mr. DesRoches: What is more important to him, the earning from his trade at that particular point, or the possibility of drawing unemployment insurance at a future date? I try to visualize his making this kind of choice. I think he is obviously making a decision which is unfair to himself and unfair to us.

Senator Belisle: I have only a supplementary question. I believe the witness said that an applicant for unemployment insurance always has the privilege of applying to the appeal board. When I was a member, I advised many because I felt they had a bona fide case for appealing to the appeal board, and they were never successful. Could you give me the percentage of them who succeed?

Mr. DesRoches: The percentage who succeed is 10 per cent at the appeal board level. I think I have figures here. I think there are something like seventeen thousand appeals a year, and there would be seventeen hundred successful out of this number. I think this is the order of magnitude we are talking about.

Senator Belisle: These applications I was making were up to ten years ago. I am satisfied, thank you.

The Chairman: Is it any better now than it was?

Mr. DesRoches: I think the pattern is the same; I do not think there is much change in this. I do not think it works on percentages. It is just the result of the process.

Senator Fournier: Is the appeal board available in every community, or are there great distances to be travelled?

Mr. DesRoches: Let me put it this way. I think we have appeal boards wherever we have offices, as a general rule—which would be sixty or seventy—and there are, all told, about 250 appeal boards. In other words, in some places we may have more than one; we may have two or three.

If the applicants have to appear or wish to appear as witnesses, or their representatives, we will pay travel costs if they so desire to appear. So while we do not have one in every locality, either the board will on occasion travel to some other locality, or else we will pay the costs of travelling to the board.

Senator Belisle: Is there any consideration being given to having as one of the three who sit on the appeal board, an impartial person in the sense that he does not belong to the Unemployment Insurance Commission?

Mr. DesRoches: None of these three people belongs to the unemployment insurance staff; they are citizens who are part-time appeal board members. They have no affiliation whatsoever with the Commission. They draw money from us when they sit, but they are not on our staff.

One member of the board is appointed from an employee group—and Commissioner Ward here would have much to do with accepting recommendations and evaluating their competence to do the job; another member of the board represents employer groups; and the third party, or chairman, is appointed by the Governor-in-Council. So the chairman is absolutely neutral of the other members, and all three of them are neutral of us. We have no control over their decisions or anything of the sort. We provide clerical and technical assistance. I think we may have a person sitting in to record what is going on, but we have no control over their decisions.

The Chairman: Senator Roebuck.

Senator Roebuck: Senator Carter pretty well covered what I had in mind. I have been out of touch with this to some extent—a considerable extent in recent years—but when I was in the Government of Ontario the great complaints were with regard to people being disqualified because their illness was either not believed or did not relate to the employment. That was the big complaint I used

to hear. I think you must have had a great many of them too.

I would like to know what has been done, if anything, in that regard. What is your system now?

Mr. DesRoches: I think this goes back to the whole basis of the plan. The only comment I can make on this is that this is part of this type of insurance and I would say it is part of any form of insurance, whether you take unemployment insurance or any other form of casualty insurance. Something has occurred, whether it is a fire or an accident or whatever, and somebody has to verify that it has occurred. It is part of the fabric of this type of operation, that an event has occurred and somebody has to verify it and make a decision or adjudication, which can either be favourable or unfavourable. This is where this whole approach of disqualification, or being negative if you like, comes from: because someone has to make a judgment under certain rules and within a certain jurisprudence, because an event has taken place and the person has taken certain measures or meets certain conditions. This being the case, I do not think there is much change over the years in the impact of disqualification.

Nor is there much to be said if we compare our operations with operations in the States. I have comparisons with the American system in individual states of the Union, which is slightly different from ours. As a rule we disqualify a lower percentage of people than they do in their system, and that is about all I can use as a point of reference.

I have figures which I used at the House Committee on Estimates a little while back. I think we find that about ten per cent of the people, first of all, do not qualify because they have not had the length of attachment, which is beyond our control; so that ten per cent of the people who come knocking on our door are bound to be disappointed because they have not had the length of attachment to the labour force in order to be considered for benefits.

During the course of payment of benefits to the balance of the people, there would be another ten or fifteen per cent who would disqualify themselves for one of a variety of reasons, and the reasons are fairly numerous. There are cases of people being disqualified because of misconduct, which is a condition under the Act; disqualified because they are beneficiaries or potential beneficiaries, which is covered under the Act. They could be disqualified because of voluntarily leaving their job, which is, again, spelled out in the Act very specifically. The other conditions which we emphasize—capability, availability and so on—are sometimes a lesser portion of the disqualification picture. This is the one we always think about, disqualification because of

capability or availability, but this may not be the main source of what you may call the frustration or unhappiness because of disqualification. There are many other reasons for being disqualified. This is part of the whole fabric. I would have to go into a lot of details.

Senator Roebuck: Thank you.

Mr. T. B. Ward, Commissioner, Unemployment Insurance Commission: I believe, senator, you mentioned something about illness. The Act has been changed, as you know, so that if persons are on claim and become ill, they are not available for work but they still continue to draw their benefit. I think this is one of the problems you had run into.

Senator Roebuck: Yes, that was one of the great complaints I used to be familiar with.

Mr. Ward: That has been taken care of.

The Chairman: I was a member of that committee, and its recommendation was that we should cover illness per se. Then you covered it under the Act by saying that if he became ill while drawing benefits he would be covered. What was the reason given for not covering illness?

Senator Fournier: While he was working.

The Chairman: Yes, illness.

Mr. DesRoches: I do not think we would ever cover illness while a person is working. The only thing we could consider advising the government to cover under the terms of the constitution—the B.N.A. Act, of course, was amended to include unemployment insurance, and therefore under those two words we believe that insurance for unemployment resulting from illness could be covered. In other words, we could have insurance for unemployment, but if there is no unemployment resulting I do not think this is a proper field for unemployment insurance. This is a matter for the Department of Health and Welfare.

The Chairman: I see, it was a constitutional question.

Mr. DesRoches: Yes.

Senator Roebuck: You mentioned, Mr. DesRoches, the early work in connection with you board; that it was an insurance scheme, not a charity. At the same time, I know pretty well what happened at that time, because I was on that committee in the Commons, a good many years ago now, that devised this whole plan. It was something to meet a need. It was restricted to an insurance method of doing it, but the

need was still there. That was the very purpose of this whole organization, was to meet a need and, in a sense, to counteract poverty, which it has done, of course. We would have had very much more unrest, indeed, in Canada, were it not for this scheme of insurance.

The Chairman: Senator Pearson.

Senator Pearson: I was wondering what class of workers is most affected under your unemployment insurance scheme? Is it carpenters or plumbers or electricians, or what as a group?

Mr. DesRoches: I think, except for the ones which are specifically listed in that table, you might say, there are 5½ million workers who are covered.

Senator Pearson: Yes.

Mr. DesRoches: So all those trades that you mentioned are indeed covered, and there are only these specific exclusions.

Senator Pearson: But which group of those usually draw more unemployment insurance than the others? Do you have any figures on that?

Mr. DesRoches: We do not have it by occupation. By industry, there is no doubt that certain seasonal industries draw more than others. Construction and fishing, for example, draw more benefits than other industries; but there are other highly industrialized industries, such as the automobile industry, which have seasonal patterns which are not the same, because of model change, for example, but which are also drawers of benefits from the fund.

I think when you consider that a million people draw benefits in a year, it is fairly generalized, and I do not think any particular occupation can be singled out. There are certain industries, as I mentioned, but no particular occupation within them. The seasonal ones are the ones perhaps more affected.

Senator Pearson: Yes. There is another question I wanted to ask. Where do you find these jobs? Do the jobs come to you, or do you work through Manpower now to get jobs?

Mr. DesRoches: Manpower is responsible for finding jobs, and we refer all our claimants to Manpower.

Senator Pearson: What did you do before that?

Mr. DesRoches: Before that—and this is much before my time, of course,—the two agents were together; or part of the Selective Service originally, and then the National Employment Service was combined with unemployment insurance, and the programs at the time

were mainly placement programs. I think the claimant was referred directly, or there was some interaction of records or process between the two agencies.

Since they have been separated, Manpower, of course, has a host of other programs which are new and different from what existed at the time.

Senator Pearson: Have you any idea how you might integrate or help expand your programme of unemployment insurance so that you can cover the poverty that exists in the country?

Mr. DesRoches: Well, I am not sure that this is a role for unemployment insurance.

Senator Pearson: No, it is not a role, but have you got any ideas on it?

Mr. DesRoches: I think our ideas are that we should act as a filter, if you like, or a channel, so that people are better oriented to the programmes that exist. I think there is a lack of connection between the various programmes, or a lack of rapport as to what happens to a person who comes to us. Let us take the person who does not qualify for benefit. Where do they go from there? Obviously there are other programmes in the battery of services offered at various levels of government. Are they properly directed to those programmes? Is there something more we could do to make sure the people are directed to the programmes of Manpower, welfare, pensions, or what-have-you? In fact, this works the other way. There is some duplication, where we look after retired people under unemployment insurance, and very soon the Canada Pension Plan and the old age security programme are going to come to the point where there will be a fairly substantial overlap. So there is the question of overlap and the question of better directing people to these services.

As to how exactly this is going to be done, I think it is going to be done partly by goodwill on the part of the administrators, and partly by direction from the government.

Senator Pearson: There is another point I wanted to ask you about, on which you may know something. I was on the plane the other day going west, and happened to sit down beside a young fellow, obviously quite young, and I asked him where he was working. He said he lived in Regina but he was working in Winnipeg. He is working with Imperial Oil. He is quite young. I asked him how he managed to be transferred to Winnipeg just for the time being. He said: "Well, I am down there to help dismantle or re-model a refinery". I said: "Where did you get your training?" He said: "Imperial Oil trains us. I am on courses all the time, and I get paid on those courses".

I was wondering how many firms in Canada do this work of training their employees, the young people that they take on.

Mr. DesRoches: I think this is outside my sphere. This is something the Department of Manpower could better answer. I can only express a private opinion. I think a lot of training of people for work is done by private employers, either for their own self-interest or at a time when there is a change-over in production of some kind. How significant a proportion that is, I think Manpower would be in a better position to say.

Senator Pearson: Thank you.

The Chairman: Dr. McGrand.

Senator McGrand: You mentioned that some programmes are aimed to overcome poverty. A programme to overcome poverty could be a programme to relieve it or a programme to prevent it. I would like you to enlarge on that a bit, because I am a little bit confused.

Mr. DesRoches: I think what I was trying to draw was a distinction as against our programme. Our programme does a certain job. What I was merely trying to describe here was that certain programmes are meant, for example, to create economic opportunities, and that is the job of the new, let us say, regional economic expansion department. Other programmes, such as the programme of the Department of Manpower, are intended to exploit, expand or make better use of the human resources. I think these are two direct ways of permanently improving the situation for people. I am sort of parodying the Economic Council here, that these direct measures of improving the economic situation or the ability of people to fit into these opportunities on a permanent basis, are still preferable to income maintenance, and this is where you come into our type of programme which, the way it is conceived now, is an income-maintenance or transfer-of-payment type of programme. It has its role to play, but it can only work as long as these other types of measures are there.

Senator McGrand: Your work is mostly with the programme to relieve poverty.

Mr. DesRoches: I think we should work with both. Then there is the Canada Assistance Plan which fills another type of income maintenance or relief type of area. I think one has to look at the whole battery of these programmes and find out, on a cost-benefit analysis of some sort, exactly where they all fit in to do the best job. We have a job to do, and I feel we could improve on our job but within that context.

Senator McGrand: You mentioned that a good deal of training on the job is carried on by companies such as Imperial Oil. That seems to be very satisfactory, where it works. At the same time, all our provincial governments are carrying on technical schools where they are giving technical training to young people. Have you any idea how these two programmes sort of mesh—the training that people are getting in the technical schools, and the training they get on the job?

Mr. DesRoches: Again, senator, this is outside my competence, and this is within the area of the Department of Manpower; but I think that because of the fact that the Department of Manpower contracts out to the provinces and works with them, and presumably there is a feed-back to tie in with what industry needs at a particular time; I would think that these three elements together would make a total programme.

In other words, somebody ascertains what industry needs or might need, and then develops training facilities, private and public, to work this out. However, this is outside my field.

The Chairman: Just following on that question, in the end your department pays out money.

Mr. DesRoches: That is right.

The Chairman: It occurs to me that we are wasting some people and not making the very best use of them, in order to strengthen your department and its financial position you would be in touch with these other departments suggesting various ways in which they could improve and make your own work easier. You do that?

Mr. DesRoches: I think we do. We are in touch with the Department of Manpower and with the provinces on the welfare side, but I think our context is limited by law. We have to administer a law which is fairly specific, and within that context we have very little power to manoeuvre. All we can ask at the moment is for assistance in determining whether people are meeting the conditions of our law, which is not a very complete type of relationship, if you like. In other words, the reason we might approach somebody else is to make sure that we protect the fund.

The Chairman: Yes, that is what I am thinking.

Mr. DesRoches: That is, I think, still a pretty narrow and, to some people, a negative type of approach.

I think a more positive approach would be required, where we would go to them and we could work together on developing ways and means of solving the individual's problem, which is really not

our problem at the moment. We are just set up to pay this money. All I am saying is that we should have this broader role, so that we could work this out.

The Chairman: But if you are protecting the fund, you are having them do something positive.

Mr. DesRoches: Yes, but I think, if I may use the Department of Manpower as an example, there gets to be a conflict of interest on their part if we go to them and ask them to give us information to police our fund. There is that conflict of interest which is set up. I think if we could go to them and say, "Let us work together," where we refer people so that we do something about their pattern of work, then this would be far better than just saying, "Give us information so that we can disqualify".

The Chairman: No, that is not what I had in mind. What I had in mind was your first suggestion: how can we work together so as to make our efforts more productive? What are you doing in that respect?

Mr. DesRoches: We are not doing very much. As I say, the way we are working now and the way the Act is constructed now, our responsibility is to meet those conditions, and that is it. Once we have met those conditions, there is nothing else; we have no other scope within our programme to go beyond this. As a result, in order to test these conditions, all we can do is work with these other agencies to find out if the people are or are not meeting the conditions. It is a very narrow band of co-operation.

The Chairman: I do not mind telling you that our experience has been that we find the people who are appearing before us are working within their limited scope; everyone is working in a self-contained little department. Senator Fergusson.

Senator Fergusson: The first question I want to ask leads a little bit out of the other one. On your summary of the brief at page 2 you say that one of the things recommended is improved integration with other forms of social development programmes. When you say "improved integration", would you tell me what you do now, or if you do anything in this line?

Mr. DesRoches: I will go back to the comment I was just making to the chairman.

Senator Fergusson: Yes, I know this goes along the same line.

Mr. DesRoches: What we do now is to try to administer the Act as it is structured. Particularly since the separation of the employment service, we have no direct responsibility for doing anything to

improve the lot of the people. What we try to do is to work with these other agencies in at least exchanging information, but not in a direct, positive way. We would like to see this role expanded.

Senator Fergusson: You think you would like to see this increased, but how could you increase it under the present Act?

Mr. DesRoches: We could not. We would need a change in the Act.

Senator Fergusson: You would have to have a change in the Act?

Mr. DesRoches: That is right.

Senator Fergusson: Even if you did, it seems to me it would be rather hit-or-miss. Some administrators would be very willing to support this and go all out. I have been an administrator in a public service department, and I know there is great variety in how much people will comply with things like this. Some people might be very willing and anxious to do it, but would you not find other places where they would not bother, and would not this make it very spotty?

Mr. DesRoches: I think it would have to be worked on more than just a hit-or-miss basis. I think this would have to be worked on the basis that people are channelled to different programmes in an orderly fashion, not on a hit-or-miss basis. Practically, now, our operation is on a hit-or-miss basis.

Senator Fergusson: If you were setting this up—and I think it is a good idea and I am not against it at all—would it not mean that somebody in your department would have to be an expert to know just where a referral should be made?

Mr. DesRoches: Yes.

Senator Fergusson: Would that not take up quite a lot of time? What I had in mind was that other departments must have this referral system too.

Mr. DesRoches: I think we all deal with certain groups of clients. The question is how many are common to all of us. I am sure that a fair number are common and have to be processed. We know from the views expressed by, let us say, the people in the welfare field in the provinces, that there is no question that there must be some link somewhere along the line.

Senator Fergusson: This is what I had in mind. Would it not be better to have one centre set up to which anything that is a problem and which does not belong to one department, might be referred, so that the expert in that department would know where to

send it, instead of possibly referring a case to a department that has nothing to do with it and which refers this on to somebody else?

Mr. DesRoches: I think that is a danger. The point I was perhaps emphasizing here is that they come to us, let us say, as the first point of contact, while they are unemployed; and it is only in this sense that, having come to us, then they could be channelled.

In fact, this would be for two purposes—first, the purpose of administering the Act itself. There is no doubt that the way we are structured now—I mentioned retired people—there is a point at which we will have to re-examine who is entitled to what at what point in the case of retirements, and the same with sickness benefits and so on.

Senator Fergusson: Could I ask you a little about maternity leave, which you refer to on page 7 of your brief, I think. In speaking of it, you said more study is needed. Would you give us some idea of what solution has been found for this by other countries, so that there is not an increase in loss of pay due to pregnancy?

Mr. DesRoches: The I.L.O. for many years has had a convention covering this particular aspect, and our proposal would be that this is the type of thing that could be implemented.

Senator Fergusson: Do you know of countries where this has been implemented?

Mr. DesRoches: Yes.

Senator Fergusson: Could you tell us?

Mr. DesRoches: Most of the European countries have provisions for workers to draw pregnancy benefits for a length of time.

Senator Roebuck: New Zealand has had it for years.

Senator Fergusson: Is there any reason why this could not be put into effect in Canada?

Mr. DesRoches: It would need a change in legislation.

Senator Fergusson: Of course.

Mr. DesRoches: No, there is no reason. Somebody would have to pay for it, and these conditions would have to be met. It would require a change in legislation.

The Chairman: Would it be expensive, do you think?

Mr. DesRoches: We have estimates, but I do not have the figures here and I would hate to give an off-the-cuff figure. I think it would be in the area of \$30 or \$40 a year, to cover a certain length.

Senator Fergusson: Could you send us the figures? I would like to have the actual results of your calculations.

Mr. DesRoches: This would depend on the duration of these benefits; the figures would depend on all these conditions that, when they would be paid and what conditions would be imposed.

Senator Fergusson: Could you tell us if there is any possibility that unemployment insurance could be extended to domestic workers?

Mr. DesRoches: I do not think this is a very likely possibility, where people work in circumstances where it is difficult to establish what the working conditions and terms are. We have done a lot to expand the coverage so as to cover most people, but in this type of relationship, such as the domestic service, it is still considered a very difficult area because there are no records and there is no way of verifying really what happens. I do not think this is a likely possibility.

Senator Belisle: This is one of the areas in which you hear a great many hard luck stories of people who take part-time work, because of the loss of the husband or sickness or otherwise, and they have a very difficult time.

Mr. DesRoches: I appreciate that, but I do not know how we would cope with this, to verify exactly what the working conditions were.

Senator Belisle: I see your point.

The Chairman: In connection with the memorandum from you that Senator Fergusson suggested, are they covered, for instance, in Britain?

Mr. DesRoches: Yes.

The Chairman: Covered in France?

Mr. DesRoches: Yes.

The Chairman: Covered in the United States?

Mr. DesRoches: No, they are not covered in the United States.

The Chairman: Will you give us some idea in a memorandum where there is similar coverage.

Senator Fournier: It is too bad Senator Carter is not here, because I would like to follow up on some of his comments, since I could see that the witness did not agree with the first statement that Senator Carter made, to the effect that people had to say they were available anywhere in order to qualify. While he was making that statement—and he had specific cases—the board seemed to shake heads that it was not so. I do not dispute it, but I would like to know if the witness agreed with that statement, “yes” or “no”; no comments more than “yes” or “no”. Do you or don’t you agree?

Mr. DesRoches: Would you like to take this up, Tom?

Mr. Ward: I am tied down to a “yes” or “no” answer?

Senator Fournier: That is all I wanted to know.

Mr. Ward: I will have to say I do not quite agree with the position that the senator took, but it is not black or white and I cannot really answer it “yes” or “no”. Mr. Beatty was kind of leaning on my elbow too a little bit.

Senator Fournier: He was shaking his head.

Mr. Ward: Because this comes under his jurisdiction, and he is the man who administers this part of the Act—he and his helpers. Disqualification is not just as the senator outlined it, in other words, that you disqualify yourself so easily.

Admittedly, possibly when we consider that I come from the ranks of organized labour, I should be taking the other position that they are all pure white and all are deserving; but we have to administer this Act, and I feel duty-bound to adhere to the Act as well as I can.

There are many people who draw benefits where there might be work within 75 miles they could do, but because they are here and the work is there and they cannot travel to that work, we do not disqualify them for that reason. Am I not right?

Mr. R. L. Beatty, Director General, Unemployment Insurance Commission: That is right.

Mr. Ward: You just cannot say that because there is work and they do not take it, they are disqualified. It is a judgment thing, and it has to be because you have as many cases as you have claimants almost, many situations. There are family involvements, there is the weather, there is road conditions, and there are so many things. Our insurance people take these factors and look at them, and make a decision, which decision is appealable, as has been explained.

I was tempted to interrupt at that point, to make the observation that ten per cent of the appeals are

allowed. This seems to have been a pretty normal situation down through the twenty-odd years of the operation of the Act. I think it is fair to make the observation that if this were not so, then our insurance officers would not be doing an adequate job. When I say “insurance officers,” they are the people who make the decision in the first instance as to whether a claim should be allowed or not, but we do not disqualify just out of hand, as was intimated.

The senator, of course, comes from Newfoundland, and we do have special problems there. The unemployment situation is pretty bad, the work availability situation is not good, and there are a lot of fishermen involved in it. As the Chief Commissioner has explained, in the fishing industry, for every dollar we pay them we only take in ten cents, or for every ten dollars we pay out we only get one back. We do not judge our operation on that basis exactly, but this is one of the facts of our operation.

Just to sum up, people are not disqualified in the rough manner that was indicated. I am sure Mr. Beatty can give you chapter and verse on this, but I am sure you do not want to take the time.

Senator Fournier: No, I agree—well, I accept it. In other words, you have several officers across Canada, and they are the final judge. I go to my home office in Edmundston, New Brunswick, or I go to a Quebec office, or wherever you have them, and they are the final authorities who will decide whether I will qualify or not.

Mr. Ward: No.

Senator Fournier: Yes, they do. Do they have the same policy right across Canada, the same training?

Mr. Ward: Yes, and it would be very interesting for you to see the tremendous lengths to which we go to try to get equality of judgments.

I might say, though, that they do not have the final judgment. As we indicated, there is the appeal procedure. The final judge is our umpire, who, as you know, is a member of the Exchequer Court of Canada.

Senator Fournier: This is not the point. I hope we have not reached that far. Say, I am just a poor labourer as I call in my office, and I am disqualified for some reason. They are the final authority.

Mr. DesRoches: No, there are three levels of this decision.

Senator Fournier: I know I can appeal and all that, but we resent appeal boards; we do not like to go to appeal boards. I am, say, a labourer and I do not like to travel 225 miles from Edmundston to Bathurst and spend two days, to go before the appeal board,

knowing before I get there that I am likely to be beaten. We do not like to be submitted to that, but that is what we are being submitted to. We are challenged to this sort of thing, and we do not like it. Surely there should be an easier way whereby I can be disqualified or qualified without going through all this procedure. It costs a lot of money, and most of us cannot afford it in the first place.

Mr. DesRoches: I can only judge by the number of people who do appeal. I think Commissioner Ward will agree with me that organized labour knows all about the procedures, and I think they are all willing to help and they do help their members to appear before these appeal boards.

I think it is difficult to see how it could be otherwise. If you are going to have an impartial board, then there has to be some formality, as you suggest. In other words, these people have to be brought together to review certain cases, and they have to examine them, but the claimant does not have to appear before these boards. In fact, I think it is the exception rather than the rule. These three board members, quite independently of us, try to make an impartial decision. As I mentioned earlier, I think the figures are in the neighbourhood of seventeen thousand a year, so I do not think people are so averse to taking this route, and it is all to the good.

Senator Fournier: I think we could have a long argument over that, because I do not quite share your views. I go back to the fact that nobody likes to travel a long distance and go to the appeal board. He would rather settle his problem at home, if it is possible, over the table, and accept the burden or reward from it.

Senator Pearson: There are a number of people who refuse short-term employment because they fear they are going to lose unemployment benefits. A lot of people in the general public are critical of this, but some of these people confuse unemployment with relief. Does that occur as often as some people think?

Mr. DesRoches: Not to our knowledge. The law allows the claimant to earn half the amount of the benefits that he draws. Let us assume he draws fifty dollars: he can earn another twenty-five dollars without losing any benefit, so he can get his fifty plus twenty-five. Admittedly, this is not as high as he was earning before.

It is true that beyond that point he loses at a fairly rapid rate, because if he earned any extra dollars he does not get it at all up to maybe another twenty-five dollars. So I think it is true that there is less incentive to take on work beyond a certain

point, unless he goes on to full-time work. He is allowed that margin of fifty per cent of benefits, and that is the way the Act is structured now.

Senator Fournier: In appendix B you mention penalties on employers in arrears, \$1,600,000. What do the penalties consist of? Is that fines?

Mr. DesRoches: These would be the fines that have been imposed.

Senator Fournier: Is that fines plus the amount due or just fines?

Mr. DesRoches: It is not a court fine; it is a penalty that is imposed under the Act for arrears.

Senator Fournier: Is that for a period of one year or all over the period from July, 1941?

Mr. DesRoches: It is for the entire period.

Senator Fournier: In appendix E you have figures up to 1967, and we are now in 1969. Were not figures for 1968 available?

Mr. DesRoches: I would have to turn to Mr. Macdonnell. We did not have the D.B.S. . . .

Mr. D. J. Macdonnell, Chief, Coverage Division, Unemployment Insurance Commission: We quote these four figures for comparison, because the rates were amended in 1968, effective 30th June, so that the year 1968 would not have reflected a fair picture, with half of the year paid at the old rate. From June 30th on many claimants would begin to build up higher entitlement, but it would not be really apparent until 1969 when a full year had elapsed. We thought it would distort the picture.

Senator Fournier: I have another question which follows somewhat the question by Dr. McGrand. On page 2 we have No. 7:

The objective of unemployment insurance is to meet the personal income-loss problem of the unemployed person and his family by providing cash payments at regular intervals in lieu of wages lost through temporary interruption of employment.

I feel that you are missing a word here. I would say, "lost through temporary or pre-arranged temporary interruption of employment".

Mr. DesRoches: That covers a lot of ground.

Senator Fournier: Let me explain this.

The Chairman: Let him answer that.

Senator Fournier: Maybe I have not given him enough material.

Mr. DesRoches: I would like to hear the explanation.

Senator Fournier: I think you said, Mr. DesRoches, that people should not be working with the ambition of getting stamps only. I quite agree with that statement, but unfortunately we have too many people who are working for stamps only. We find it in the poorest regions where there are no factories and industries, and only part-time jobs. Certainly there is a race to get the stamps, and it is impossible to get somebody to work unless you supply stamps. Then we have two problems involved.

Not too long ago I wanted a painter at home. I had a week's work for a painter, repairing a few windows and getting things ready for the summer. But I could not get a painter or anybody else, because they are all afraid of losing their unemployment insurance. This sort of thing is found all across Canada. It is very serious. I needed a painter but I couldn't get one, so I have to suffer.

I know not too long ago, in fact last fall, a railway trainman with a good salary was smart enough to work some scheme where he finally got laid off for some reason. He does it every year and draws unemployment all winter, goes to Florida, trades his car, and has a great time. This is a fact. I am not throwing in something here that I do not know anything about, without giving you names. It is a fact. It is amazing how these people can take advantage of the government, and draw welfare and unemployment insurance up to \$80 or \$85 a week, whereas if they work, because they have no trade, they can only get \$65 a week. They would actually be working for \$20 a week, and so they say, "What is the use of working for \$20 a week?" Believe me, they are the experts; they know the game from A to Z.

Mr. DesRoches: I can only refer to the campaign which we started, I think with some measure of success, last fall, to step up our control of benefits. I think we are doing more and more to control this—not that this was not done before, because I think it has always been done. I appreciate that these things do occur, and we are all aware that some of these things do occur, but I think we do take a lot of measures. We are caught here between the criticism that we are too harsh, and the criticism that we get fooled. I presume you are pointing this out to me because you think we should control it better. We are in fact doing everything we can to control it better. We are, in fact, doing everything we can to control it, and we have several ways of doing this. This year we have certainly increased our effort, and we have recouped or re-established over-payments of the order of well over \$3 million in the period of a year.

We have interviewed—I do not know the exact figure—something like 40,000 people during the winter, is it?

Mr. Ward: More.

Mr. Beatty: More than that.

Mr. DesRoches: More than 40,000 people, yes, it would be.

Mr. Beatty: A hundred thousand.

Mr. DesRoches: A hundred thousand people, which is perhaps two or three times more than was done in previous years. We are more selective in the way we go after people; in other words, we have found ways of selecting the people we interview, and our techniques are more refined; but there will always be this situation in a scheme of this type.

I think we have to be careful here not to assume that at some point we can completely eliminate this. We are fighting human ingenuity, and I do not think we can ever completely eliminate it; nor should we spend the money to try to eliminate this down to zero. All we can do is to try to strike a balance between what it costs us and what is an economic return. On those grounds, we have gone from perhaps a dollar-for-dollar return to something like \$1.80-for-a-dollar type of relationship.

So I think we have improved a lot in this area, but I am sure there will always be people with gimmicks and angles to play the stamps.

Senator Fournier: There will always be room for improvement, too.

Mr. DesRoches: There will always be room for improvement. I think programmes of this type have a margin of looseness of maybe the order of ten to fifteen per cent which have to be recouped by control measures.

Senator Fournier: Coming back to my case of the painter, of which there must be many hundreds or thousands of instances across Canada: there should be some amendment somewhere that if I need a painter of a week or three or four days, I could call the unemployment insurance people and tell them I need this man for that time, and then he should not be cut off. There should be a way. We are getting to be a little too slavish.

Mr. DesRoches: I will let Mr. Beatty explain. You can be a temporary employer, if you want to duly register so that we can control what is involved.

Mr. Beatty: If you want a painter and you find that the man you wish will not come to you because

he says he wishes to remain on unemployment insurance, the action open under the Act is for you to report that to the Unemployment Insurance Commission. The Unemployment Insurance Commission will then take appropriate action to investigate the case, and it is possible that this man will be disqualified from benefit by virtue of the fact that he will not take employment with you.

Senator Fournier: This is just the thing we do not want to do. I am not prepared to report somebody because he does not want to work for me, because he is not going to work for me after I report him, and I have made an enemy for the rest of my life, because I have hurt this man, I have hurt his income. I have made myself an enemy. I do not feel like reporting somebody because he breaks the law. I would like to get the painter; that is my interest, while he is a friend of mine.

Mr. Beatty: This is provided for under the Act. I well appreciate it is a difficult decision for you to make, but on the other hand if we want to control this kind of abuse we need the co-operation of the public and employers in general. This is exactly what we ask any employer in Canada to do. When a man claims unemployment insurance benefits, we can go back to that employer, if he refused a job with that employer, and ask the reason for refusal. Then we can use that information in order to investigate the man's admissibility to benefit.

I realize it is a difficult decision, but this is the area where we need information if we are going to be able to enforce this Act.

Senator Fournier: I do not quite agree with you, because that is your thinking and it is your privilege and that is the way the legislation is made; but let us amend it to come to my rescue, not only your rescue. You are looking at it from your point of view. My point of view is that I need a man for a week, and I cannot get him. If I live in a large city like Montreal, Winnipeg or Toronto, I can go to a contractor, who will come with all his equipment and who is qualified to issue stamps, but instead of spending a hundred dollars to do my job it will cost me maybe three hundred dollars. This is another factor which has to be kept in mind.

I think you have two weak spots in your system. There is the one that I cannot get the painter. I do not agree with you that you have to report him; I do not go along with that at all, and I should not be compelled to do that. There should be a way whereby I can get this painter and he is not affected.

The other weakness in the system is that if, say, during the summer I need a carpenter for a week or ten days, I cannot issue the stamps. I should be able to get this man, a full-fledged carpenter, to work for me

and pay him the full salary he requires, obeying all the rules and regulations. Then he should be able to get stamps, not from me but maybe through your office. I should be man enough to go up there and swear a statement or make a declaration that this man has worked for me for so many days, and that he can have his stamps. I would be quite willing to pay my share of it. It is not that way now.

Mr. Beatty: I am sure in your case you would, but, as the Chief Commissioner said earlier, this is a very delicate area as far as administration of unemployment insurance is concerned. You can appreciate that if we had a wholesale policy whereby anybody could become an employer, employ people and give them stamps: the benefit from these stamps, for every dollar you put in, is about forty dollars at the moment, so they are pure gold.

Senator Fournier: Gold stamps.

Mr. Beatty: That is really what they are. If we made it possible for anybody, for any casual kind of employment, to get the stamps, we would open the door wide open for all kinds of possible abuse. We have to have a policy in this regard.

I am sure there are lots of employers who would genuinely benefit from this, but unfortunately there are many who would take advantage of it. So the Commission has had to adopt the policy that if the employment is not for the employee's trade or business—such as the kind of thing you mentioned, of a casual nature—we cannot allow in that situation the buying of stamps or the giving of a licence to purchase stamps.

If it was for a very long period, you could make application to get a licence to purchase stamps; but for the casual sort of thing of a few days and so on, this is not possible under the present Act.

Senator Fournier: Under the present Act, I agree with that.

The Chairman: Senator Inman.

Senator Inman: A lot of my questions, Mr. Chairman, have been covered, but I was interested in Senator Carter speaking about fishermen. I am from a province that does a lot of fishing, and I thought they got a fisherman's insurance that covered a lot of their time. I thought the fishermen drew fishermen's insurance, unemployment insurance.

Mr. DesRoches: Yes, that is so. I think what Senator Carter was referring to is that they can be disqualified. I cannot deny this, I think in particular cases they could be disqualified from drawing benefits; but the scheme has provided since 1955 or 1957 for coverage of fishermen, and they have special provisions and

special conditions which apply. This is a fairly elaborate scheme, in fact, for fishermen.

Senator Inman: I know, because we have had some experience now with a firm after the lobster fishing was through. These men came from the States and wanted them to fish crab. They refused and said, "No, we are drawing unemployment insurance", and they were not going to miss that. However, they do now, because it is a big income. Our fishermen are pretty well looked after in Prince Edward Island, I must say.

Mr. DesRoches: We have that complaint—and this is the other side of the coin—from employers who cannot hire fishermen because they are on unemployment insurance. Again, the answer that Mr. Beatty gave is the only one that we can give at this point: any case like this should be reported to us and we will take proper action.

Senator Inman: I appreciate what Senator Fournier said. I have found it, in my own case, very difficult to get anybody. There was an occasion when I had to have a new roof, or part of a new roof, put on to my house a few years ago, and I had to hire, instead of one man, three men, because the one man said he wanted to have stamps. So they took him off to do it, which they did not need to, but still there was nothing else I could do, because it had to be done. What would you say should be done in a case of that kind?

Mr. DesRoches: I do not think there is much that can be done. You see, there will always be the type of employment which is fringe or marginal, and we cannot possibly open the door to cover this type of employment; it is basically impossible. You would not maintain records, for example, in a case like this. It is all right if we could take one individual, as Mr. Beatty said, and trust him, but as a generality we could not simply trust everybody in Canada who had a little bit of repairs to be done to his house, to keep the type of information which we would need, to make sure the people were really unemployed at a later stage and qualified for unemployment insurance.

What we are trying to do in this programme is to cover people who suffer a loss of income, something definite and clear. If we open this up to every kind of marginal type of employment, which is not really employment, then I think you are just endangering the whole fabric of the scheme. After all, you either have a plan which is orderly and which can be controlled, or you have something which is a farce and which you cannot control. We have enough problems controlling the marginal areas. If we extend this to cover everyone who works for half an hour or an hour for somebody else, there would be no way of controlling this kind of operation. I cannot conceive of any way of doing this. It would be like covering accidents without having adjudication of accidents; it is that type of thing. You

would have a car accident, and instead of going to an insurance company or adjudicator, you would call in somebody and say: "I had \$500 damage to my car. Pay me. Do not look at the car and do not investigate and do not ask questions". It is that type of situation.

Senator Inman: Would it not be feasible to open it up to someone like myself who wanted to employ one person? For instance, I had a housekeeper engaged, and when she came she said, "Do you take tourists?", because my home is in the country. I said, "No". She said, "I am sorry, I cannot stay then, because I want to get stamps." Is there not some way that they can be protected?

Mr. DesRoches: These are areas, unfortunately, that we have not yet covered and which it would be impossible, in our view, to cover.

Senator Inman: Is there not thought of opening it up in that way?

Mr. DesRoches: Not to domestic service or to casual employees of that type. I do not think we could ever consider this. I do not see how it could be done. At least this would be our opinion based on the years of experience that our people have had with this scheme. I cannot conceive of any way that we could open it up and justifiably pay out insurance that the people would be in complete control of, at a ratio of whatever it is—a dollar for forty dollars. It sounds like a real good bargain.

Senator Inman: The other thing I was going to speak of was the pregnancies. I understand that would be a difficult thing, if it could be worked out. You would have to create some sort of scale of time, would you not, within which you could pay it?

Mr. DesRoches: Yes.

Senator Inman: Because there would be some big differences. For example, some women could not work after the first month.

Mr. DesRoches: I should emphasize here that we do now pay benefits to people who are unemployed if they are laid off because of pregnancy, and as long as they meet the other conditions of the Act, and this is where the difficulty comes in; but there are no provisions for covering that particular period of confinement, and this would have to be defined, I think, the period before and the period after.

Senator Inman: It would have to be defined. I understand that.

Mr. DesRoches: You could not leave it to fluctuate here and there; there would have to be a defined period on each side of the birth.

The Chairman: You do know, of course, that you are paying for more pregnancy conditions than you are admitting here this morning?

Mr. DesRoches: I would not say that in fact. The actual date of birth is something which can be controlled.

The Chairman: I am talking about the little time previous to birth.

Mr. DesRoches: We do, because if people are unemployed—and some employers still lay off people for that reason; if they are legitimately unemployed and cannot find work, there is no reason why they should be disqualified. If, however, they are not seeking work and they are not capable, and they are deemed not to be capable around a certain period of time, in that case they are disqualified.

Senator Inman: According to the Act, I understand if they leave a job they are disqualified.

Mr. DesRoches: Just for a period, up to six weeks.

The Chairman: Senator Sparrow.

Senator Sparrow: There is no provision under the law for a casual employer to report the employment of an individual—the painter that Senator Fournier referred to, and so on; there is no provision for that casual employer to report to you, is there?

Mr. DesRoches: To report to us? If it is for his business, yes.

Senator Sparrow: No, the senator wants to hire a painter. There is no obligation on him to report to you; the employee himself is the only one that is really required to report any additional income he has from any source?

Mr. DesRoches: That is right. He is specifically excluded from coverage. Therefore the employer does not have to take action. However, if he is in business there is a different condition, and perhaps Mr. Macdonnell could explain this to you. There is quite a difference between you, as a home-owner, let us say, employing a casual, and a regular employer employing a casual. Perhaps Mr. Macdonnell could draw the distinction.

Senator Sparrow: I understand the distinction.

Mr. Macdonnell: If the work is for the trade or business of the employer, then it is insurable whether it is casual or not. If the work is not for the employer's trade or business—for example, if it is work done on his private dwelling—it just is not insurable, if it is casual employment. The only

exception to this is where it is continuing, year-round employment not for the employer's trade or business. That would be insurable. But casual employment, if it is outside the trade or business, is excluded from coverage, and the employer has no obligation to take any action.

Senator Sparrow: The next question is: what is the total administration cost of your department in a year?

Mr. DesRoches: It is going to run into fifty million now that the salaries have been adjusted. It was running at forty or forty-one million per year, and it is going to run now up to fifty million with the latest salary adjustments.

Senator Sparrow: So that including the benefits paid out and the cost of administration and so on, it is half a billion dollars a year?

Mr. DesRoches: The government contribution runs about seventy or eighty million, and the employee-employer contributions run in the area of four hundred million—yes.

Senator Sparrow: It seemed to me somewhere there it said your pay-out in the last fiscal year was \$445 million.

Mr. DesRoches: That is right.

Senator Sparrow: Plus fifty million for administration is half a billion dollars.

Mr. DesRoches: That is right.

Senator Sparrow: In this committee we are trying to determine what poverty is, and I think we are all agreed it does exist in some areas. What we are expected to do is to determine really what poverty is and to find a solution to it where it exists.

From your information from your department and what you have read and learned of this committee and poverty as it relates perhaps to negative income tax and so on, do you see any area where, if a negative income tax system were evolved to alleviate poverty, that this would conceivably do away with unemployment insurance as such; or do you see a continuing place in Canadian society for your programme as it exists?

The reason I ask that is that in fact your programme is not a guaranteed annual income supplement; it happens to be probably a monthly or weekly income supplement. The reason I say this is that a person could in fact earn probably \$6,000 or \$7,000 a year and still collect unemployment insurance; he can still earn \$649 a month for ten months of the year and collect unemployment insurance. This brings these

particular people far above the poverty line, whatever figure may be used, whether it is \$3,000 or whatever the case may be; he is still far above the poverty line but still has an income supplement through your department.

We are looking at this in two aspects: one, to alleviate poverty, and to do so is to maybe combine eventually a multitude of government services into one plan—Canada Pension Plan, unemployment insurance, social welfare benefits under the Canada Assistance Plan and so on. At the moment I cannot really see where maybe your programme could be included in this guaranteed annual income.

Mr. DesRoches: I think this raises a number of points here. First of all, let me say that the point you make about the level of income that it hits is probably valid. The unemployment insurance programme is not aimed at relieving poverty at the \$3,000 level. It is a form of protection, of participation by workers who are normally in employment. We do not look at their means and we do not look at their income over the yearly period, which is what you are looking at. Nor do we look at their investment income or any other form of income which is not derived from employment, at the particular time that they draw benefits.

So the only time we are concerned with their income is when they are drawing benefits. The rest of their income is not a concern of ours, and in this sense the programme is not aimed at a poverty level or lower level. It will happen, of course, that we will pay people, because they are on extended benefits, at a level where they probably fall below the line. In other words, if somebody is on benefits for a duration in excess of twenty-six weeks, which will happen, and drawing benefits at the rate of even our present top rate of \$53, then obviously that person, even for half a year, if that is all their income, will probably fall quite far down the line, but that is not the aim of the programme. The aim of the programme is to cover the employed workers.

In that sense, I would think unemployment insurance in that form will always be a requirement, if it serves a useful purpose for the protection of the individuals. That does not mean it could not be fitted in with whatever other scheme you might be referring to under the heading of guaranteed income or negative income tax.

What I would be afraid of in the one-shot total scheme approach is that that could be regarded too much as an administrative panacea, like unemployment insurance. In other words, you set up conditions and you pay out, and everything is rosy and fine. I think income maintenance is only one aspect of the problem; so that if you concentrate all your efforts and all your money on income maintenance, all you are going to have is income maintenance. You still

need these other programmes which are not in the income maintenance field, to really solve your poverty problem.

I do not think negative income tax or guaranteed income is a solution of its own. It is only another way, perhaps of paying out certain moneys, and in that sense we could fit into this scheme, we could fit in at certain levels, and perhaps cover these part-time workers and so on. In other words, we could be relieved of this; we could be relieved of paying for retired people almost immediately by the fact that the Canada Pension Plan or old age assistance programme will come in. There is no reason why we should go on double-paying people at certain levels.

I think someone has to look at this question of total cost-benefit. You say this costs half a billion, and that is true. Are we getting the most benefits for this and all the other half billions that are involved?

Senator Sparrow: To pursue this, you would have figures at the moment, and it appears that about eighty per cent of the employees' and employers' contributions are paying for the twenty per cent of the ones that collect it.

Mr. DesRoches: I think that is probably so.

Senator Sparrow: Is that about right?

Mr. DesRoches: Yes, that is about right.

Senator Sparrow: What percentage of the labour force in fact never collects unemployment insurance?

Mr. DesRoches: This we do not know. We do not have any data on this. I wish I knew.

Senator Sparrow: Are you trying to compile, or is it your plan to compile this type of figures?

Mr. DesRoches: We have a model now which we have developed, and we could in time derive some figures from this model, which is a sample of the population that the people we cover in our programme. We could, through that model, ascertain what proportion of the people never draw benefits. We do not really know, because over the year we get a million claims or so, and there are obviously some repeaters in this, even within the year, and then the same people may or may not be involved from year to year. So I do not think you can restrict yourself to a year, but you would have to take a longer period to really judge who draws and who never draws.

Senator Sparrow: There is an area in the lower-income level where there will be people who are in fact never unemployed as such, who are on a low-income level, but who are continually paying their contributions towards the higher-income people who

are unemployed for two or three months of the year. I would refer to the higher paid categories of perhaps carpenters, plumbers, electricians who are unemployed for two months of the year, who may very well earn close to \$7,800 a year, and who are being subsidized by the person who is making \$4,000 a year but makes a continuing contribution. If this eighty per cent of these people are paying for the twenty, there seems to be an unfair advantage being taken of the lower-income people.

Mr. DesRoches: If you speak of one individual, that would be so. I think in aggregate terms there is no doubt that there is more income if you look at the income brackets; there is a greater transfer-in at the lower incomes than at the higher incomes.

Senator Sparrow: Yes.

Mr. DesRoches: There is no doubt about this in aggregate terms.

What you are referring to is an individual who might not draw benefits but, as such, contributes to the pool from which the higher-income man draws. I think the only solution to this is to make the benefits taxable.

The Chairman: Make the benefit taxable?

Mr. DesRoches: Yes. I think the way to re-establish the equity involved in this type of situation would be to tax the benefits. This would be your first step, if you like, towards your negative income tax approach. The fact that this is not done now does raise the question in people's minds about the people who have substantial incomes in any event over the year and who add to this unemployment insurance benefit because they meet the conditions of the programme.

Senator Sparrow: Is there a movement to do this as such, either on recommendation from your department...

Mr. DesRoches: I think you have to ask the government. Yes, we are thinking this is the type of thing that might be desirable, instead of leaving it open to criticism that high earners are getting something out of this fund which they do not need. Exactly how this would be done I do not know. It is the type of thing, I think, that would restore this element of equity which I think is what you are pointing out.

The Chairman: If I may, speaking about equity, a salaried employee over \$7,800 is not covered, whereas a large number of tradesmen who earn eight, nine or ten thousand dollars are covered. Why?

Mr. DesRoches: That is right. It goes back again to the original concept of the plan, that wage-earners were in less stable employment than salaried workers, who were in more stable employment by definition. Therefore, I suppose it was felt that the ceiling on income for the salaried workers was a reasonable thing, because beyond a certain point there was no risk of unemployment-appraisal.

I think things have changed, and over the years the governments have raised this ceiling, but only in accordance with changes in salaries and wages. There has been no real re-appraisal of the fundamental basis as to why there is this distinction between the hourly-rated employee and the salaried employee. This is the kind of thing, again, which should be re-appraised if a total look were taken at the programme again.

Senator Sparrow: On this income tax basis to equalize it, talking about having it included as income, this would go into the income tax areas that you are referring to. To be equitable, in fact, that portion of the tax would accrue from the benefits should actually go back to the unemployment insurance fund benefits if the worker who is contributing unfairly is to benefit directly from that so that all would share in it. In other words, the taxpayers of Canada as a whole would share in it.

Mr. DesRoches: I would agree with you on the face of it. I think it is difficult to say whether that element of equity is imposed by the fund or imposed by all the people. The government does contribute to this fund. Is this a responsibility to the people of Canada or to the contributors to the fund? I suppose your argument would be right: the first responsibility would be to the contributors to the fund. There is a choice there.

The Chairman: What Senator Sparrow is saying is that if I contribute to an insurance policy—and that is what I am doing—it is not fair that you should divide the benefits to all shareholders? That is what he is saying.

Mr. DesRoches: Except that the government pays a share of that fund.

The Chairman: Yes. What is your total income a year under this, in one year? I was not quite clear.

Mr. DesRoches: I had better give the exact figure.

The Chairman: What is the total income in a year?

Mr. DesRoches: The total income up to the end of March was \$362 million.

The Chairman: Take any full year.

Mr. DesRoches: Well, it is \$362 million.

The Chairman: It is \$362 million, and the government pays in how much?

Mr. DesRoches: And the government pays, out of this, eighty-six—I am sorry, I do not have the right figures.

Senator Sparrow: The figure you have is \$539 million.

Mr. DesRoches: It is \$433 million.

The Chairman: \$433 million is the amount collected.

Mr. DesRoches: Yes, and the government pays out \$69 million.

The Chairman: On top of that?

Mr. DesRoches: No, within that \$433 million.

Mr. Beatty: No, that part of it.

The Chairman: The total is \$433 million.

Mr. DesRoches: And the government pays \$69 million.

The Chairman: How much of that did you pay out last year?

Mr. DesRoches: We paid out \$388 million.

The Chairman: And on top of that you had approximately \$50 million administrative expenses?

Mr. DesRoches: That is right.

The Chairman: So, if anything, you went a little in the red.

Senator Sparrow: Their figures show in their brief as \$539 million.

Senator Carter: \$539 million you say on page 5.

Senator Sparrow: They paid out \$455 million according to their figures.

Mr. DesRoches: This must be different, I am sorry. What appendix is this?

Senator Carter: The top of page 5.

The Chairman: Yes, the top of page 5: "During the fiscal year . . ."

Mr. DesRoches: I am sorry, mine was 1968.

The Chairman: The fiscal year?

Mr. Beatty: The rates were adjusted July 1, 1968, and we now get more contributions because of this adjusted rate.

Senator Sparrow: The rates were adjusted upwards?

Mr. Beatty: The rates at the upper level. There were certain groups which did not pay before at all, so the upper level were increased in the fact that they did not pay previously. The rate of the people who were already paying was not changed. It was just the new group that were added.

Senator Sparrow: Supplementary to that then, of that \$539 million, what proportion of that is government contribution, and on what basis does the government contribute to the fund?

Mr. Ward: 5-5-2 is the formula.

Mr. DesRoches: The government's contribution was \$86 million out of the \$539 million. I have traced my figures there. The basis of contributions is that employers and employees pay equal shares and the government pays one-fifth, which actually turns out to be a 5-5-2 formula.

The Chairman: Are you clear, Senator Sparrow?

Senator Sparrow: Yes, thank you very much.

Mr. DesRoches: But the administrative costs, I might note, come out of appropriations; they have nothing to do with the fund.

The Chairman: Nothing to do with the fund at all, so that the fund is . . .

Mr. Ward: In the black.

The Chairman: In the black. The other figures had you in the red and had me worried. I remember when it was really in the red.

Mr. Ward: Yes, so do I.

Mr. DesRoches: The fund stands at \$383 million at the present time.

Senator Carter: What you are saying is that the government contributes \$86 million to the pot and pays the administration in addition.

Mr. DesRoches: That is right.

The Chairman: \$130 million altogether, approximately.

Mr. DesRoches: \$130 million, yes. You will not find these figures anywhere in administration. It is just that the salaries have recently been adjusted. I am giving an approximate figure.

Senator Carter: I might come back to this seventeen per cent or this million that is not covered. Can you give us any breakdown of that million by groups?

Mr. DesRoches: It is shown in appendix C, Senator Carter.

The Chairman: The number of them add up to a million, Senator Carter.

Mr. DesRoches: The breakdown is provided there. In other words, you have 180,000 workers in hospitals and charitable institutions, and permanent public servants at three levels of governments total 437,000. These are so-called permanent employees.

Senator Carter: Yes, these are not totalled up there.

Mr. DesRoches: They are. The 1,092,000 to the right of that column is the total of those figures. The figures that are not totalled up are ones in the footnote.

Senator Carter: Yes. Have you any figures on the average wage since the new rates came into effect, the average weekly payment?

Mr. Ward: Roughly \$110 a week.

Senator Carter: An average of \$110 a week.

Mr. Ward: The average throughout the country is around \$110 a week right across the board.

Senator Carter: As compared with \$25.81 average for the year 1967?

The Chairman: Benefits you are talking about?

Senator Carter: Yes.

Mr. Beatty: That is the benefits.

The Chairman: He is talking about salary; he is saying \$110 salary.

Senator Carter: I am sorry.

Senator Roebuck: Salaries and wages, that is overall?

Mr. Macdonnell: Yes.

Mr. Ward: Income of the insured population averages out at \$110 a week.

The Chairman: The highest ever?

Mr. Ward: I would say so.

Mr. Macdonnell: Highest ever and going up.

Senator Carter: That is the average salary.

Senator Roebuck: That is not necessarily in purchasing power.

Senator Carter: I was thinking about the average benefits. Have you any figure on the average benefits?

Mr. Beatty: Average benefit would be just over \$30 a week now.

Senator Carter: It has just gone up to over \$30 since the new rate.

Mr. DesRoches: No, there is a difference. The actual average rate in February, 1969, was \$31.42, which is the latest figure I have, but the actual rate is up to \$53.

Senator Carter: Yes, I know; I am talking about the average.

Mr. DesRoches: But the average is \$31.42.

Senator Carter: I am comparing it with the previous years. I notice that although the average number of weeks authorized runs around 29 or 30, the average number of weeks paid is only about half or less than half.

Mr. Ward: They find work.

Senator Carter: They find work, yes. In other words, the bulk of people are not chiselling on the thing.

Mr. Ward: No, not the bulk.

Senator Carter: It is the exception, the people who take advantage of the thing.

Mr. Ward: That is true, they get all the publicity unfortunately.

Mr. DesRoches: I think that is so. I think we feel that ninety or ninety-five per cent of the people are bona fide claimants, and ninety-eight per cent of the amounts are paid to people who are justly qualified.

Senator Carter: So that the "bad eggs" are not such a big percentage.

Mr. DesRoches: Well, they are there.

Senator Carter: I know. I would like to come back to page 2 again, and these suggestions you made whereby you could make a better contribution to the fight against poverty. Could you do that and still retain your insurance principle?

Mr. DesRoches: I think up to a point. This is a matter which could be debated forever, as to what are insurance principles in this context.

I think the programme has departed from what one might call a very rigid type of insurance principle. There is certainly a social element to it. I think we could make these changes or improvements without disrupting this total concept, but it is insurance of a particular type; it is compulsory, to start with, and that is different from commercial insurance; and I think the conditions are such that we do not, for example, go into the needs of the people. I suppose if this were commercial insurance or some other form of insurance covering this type of risk, you would have enlarged it to look at this type of situation. I think within the same context we could make these changes, yes.

Senator Carter: You cannot adopt a needs test, but you stretch your insurance principle quite a bit...

Mr. DesRoches: We do.

Senator Carter: ...when the single man pays in just as much as the married man, and he draws out quite a bit less.

Mr. DesRoches: I think that is true. Those are features that have been in the programme from the beginning. Whether that should be continued or not is a debatable point.

Again, within the total context that Senator Sparrow mentioned: is not the role of this programme to look after dependency problems? In 1940 it was considered that this was part of the programme. Should it be so in future? I do not really know. I think it is covered by family allowance. Should it be covered by this programme as well? These are questions which will have to be asked.

Senator Carter: What has been the effect of the separation of the national employment service from the payment of benefits?

Mr. DesRoches: I do not want to comment about the Manpower side, except to say that the Department of Manpower was developed to promote and advance certain programmes of Manpower which have nothing to do with unemployment insurance.

In regard to the link that used to be made wherever the national employment service was used, in a way, as a policing device for insurance, that link has been pretty well broken or is very more difficult to apply. This is because there are separate agencies, and because Manpower sees its role in terms of developing manpower resources, and does not see itself (and I would agree with this) as a (policing) agency for the unemployment insurance. I think in that sense the role has changed.

Senator Carter: What is the position now of the young chap who is unemployed and who wants to use this period of unemployment to improve his skills by going to a vocational school? It used to be the case that if he went to a vocational school, he was disqualified for unemployment benefits. Is that still the case?

Mr. DesRoches: That is still the case, but there are benefits provided in the Department of Manpower now; there are various types of benefits to which he is entitled there.

Senator Carter: Yes.

Mr. DesRoches: If he were not entitled to benefits, I am not sure—would this still be the case? He is not available.

Mr. Beatty: Yes, the great majority of cases are handled by the special benefit that is paid by the Department of Manpower, called the training allowance; but we still have a provision under our Act that if for some reason or another he is not eligible for this allowance paid by Manpower, we can direct him to the training in this institution and he can continue to receive unemployment insurance benefits. There are not very many of these cases now, because most of them are handled by the Manpower training allowance, but there are a few which still get unemployment insurance benefits.

Senator Carter: The ones that do not get unemployment benefits but get paid by Manpower some sort of salary or some sort of allowance: is that insurable income, can they qualify, can they get stamps?

Mr. DesRoches: No, this is not considered employment. The only provision we have for this is that that time can be added to his time for extension of the contribution period. In other words, if he worked before that period, then his entitlement carries through that period, if you like.

Mr. Ward: It just sits still. When he comes back in the work force and starts getting contributions...

Mr. DesRoches: We do not add to his contributions. There is no purpose to this.

Senator Carter: No, he is still unemployed

Mr. DesRoches: If he finishes up with training and is still unemployed, that is a different problem.

Senator Carter: How would your department be affected by a plan of some form of guaranteed annual income?

Mr. DesRoches: I have tried to answer Senator Sparrow on this point. I am not too sure. I think, if I understand guaranteed income or negative income tax, this would apply at a certain level of income of two or three thousand dollars. I do not know if we are talking about four or five thousand, but talking of a level of two or three thousand dollars this would not affect a great number of our people at that level. We are dealing with wage-earners who are normally employed. It is true we have talked to-day about part-time employees and fringe employment, but the bulk of people who contribute to the plan are wage-earners or salaried workers who are in employment as their main occupation.

Senator Belisle: You are talking about people who come under your scheme of insurance?

Mr. DesRoches: That is right.

Senator Belisle: Not those that are down below that?

Mr. DesRoches: No. These people do come in, but as part-time workers, as people that are marginally attached, or we might get them in on, let us say, seasonal benefits. If they run through a period of hard luck, then we would get them and they do come into our scheme, but perhaps at what I might call a stage in their degeneration towards welfare. This is perhaps where we have to forge these links, so that somebody does find out if these people are there and whether the same people go through all these programmes.

This is something we do not know. We do not know whether the same clients were through Manpower programmes, our programmes, and the welfare programmes in the provinces. I think we should know more about the paths of these individuals.

Senator Belisle: There is no co-ordination between departments in this way.

Mr. Des Roches: This is a harsh statement; you have made it. I would say we should improve our co-ordination, let us put it that way.

The Chairman: Our figures to date indicate that of the twenty per cent that are considered to be poverty-stricken in this country, by the definition used by the Economic Council, fifty per cent of those people are

employed full-time, and yet they are below the poverty line.

Mr. DesRoches: This is clearly a problem of wages or earnings, rather than a problem of unemployment, although I would suspect that some of these people would have this kind of pattern of part employment and part unemployment benefits. To the extent that our benefits are low, it does not help that situation at all. In other words, to the extent we pay fifty per cent, somebody is already at a low earning level. When he goes unemployed and we only pay half of that, then we are not helping the situation. In that sense we are involved at that level.

The Chairman: A few minutes ago we talked about some inadequacies in our Act, which Senator Sparrow pointed out, and you agreed. Then you mentioned family allowances, and I did not stop you at the moment but I was going to ask you whether you thought that in the present day and age family allowances were meaningful.

We get to the point where we now find that the lowest wage-earner pays the lowest premium, he has the smallest benefit and his need is greatest.

Mr. DesRoches: Yes.

Senator Belisle: Why would his need be greater than the man who earns a greater salary and becomes unemployed? Why would this man's need be less than the man down at the bottom paying the least?

The Chairman: Of course, if he is earning \$7,800 there is a little more fat.

Senator Belisle: He is expected to save a certain amount of that.

The Chairman: Yes, he has a little more fat than the other fellow.

Mr. DesRoches: I think the fact is that we do not look at needs, and all we look at is earning power. In other words, if he is earning at that level and then we pay benefits at that level or in relation to that level, that is where this deficiency comes in.

Whether we can fill that gap by some other programme, I do not think we can fill the gap. All we can look at is the earning power, and all we can do is raise our level of benefit so that if the man is at that earning level at least he does not just degenerate below a certain level.

The Chairman: But what you are saying is that the gap needs filling.

Mr. DesRoches: It needs filling if over a pattern of a year the man has a low earning, and then he falls into a lower earning situation, and through unemployment insurance—and this is the regular pattern—he is not improving himself at any time.

Senator Carter: I was going to ask one more question. Right along these lines, in paragraph 13 you refer to other economic measures that will overcome and remove the causes of poverty. Could you elaborate a little bit? Did you have any special economic measures in mind that do not exist at the present time?

Mr. DesRoches: No, I did not have any specifically in mind here. I think what we are suggesting here is that we should work along with the other programmes. Let us take regional economic expansion. I do feel that, again, we should find some way of working with this type of programme, but this, again, would require a change in legislation. We have no flexibility to extend or not extend benefits on the basis of the conditions of an area. All we can do is follow the formulae that are laid down in the legislation. Exactly how this would be done I do not know.

I assume these programmes would be there to overcome or remove the causes of poverty, which is not our problem, but we should either work with these programmes or not work against them.

That is the other side of the coin, that sometimes the mere paying of benefits over a lengthy period of time is not good because it runs counter to some of these measures. I do not want to go too far into this, but I think relocation programmes, if they are good, would involve making people make a certain decision to move. If we continue paying benefits while this is going on, we are certainly working counter to the objective of the people who are working on relocation programmes. I am not judging the worth of relocation programmes, but I am merely saying that at a certain point these two types of programmes can run counter to one another.

We have talked about people working for stamps. While they are doing this, they are not improving themselves, so we must be careful not to work at cross-purposes with other programmes. This is what we have in mind here, that we have to work with these other programmes and, to the extent they are there to solve the basic root of the problem, we should work with them and not at cross-purposes.

Senator Carter: There have been occasions when the unemployment insurance organization has been used by the government to make supplementary payments separate and apart from the regular benefits; they have just used your machinery.

Mr. DesRoches: That is right, just mechanically.

The Chairman: And your money, too.

Mr. DesRoches: Yes, the seasonal benefits, that is so, but the TAB payments is an illustration.

Senator Carter: You do not see any way in which that could be used?

Mr. DesRoches: That could be as well. In the income maintenance field there is no reason why we could not handle the mechanics, just like the TAB payments mechanically are handled.

The Chairman: What do you mean by "TAB" for the record?

Mr. DesRoches: Transitional assistance benefits.

The Chairman: I started out by saying that you were a long-time civil servant of varied experience, and I could have said a great deal more about you which is very favourable,—it will appear on the record—because you have great qualifications. But the witnesses from the departments are saying this to us: "Sure, but poverty is not our problem". Tell me, whose problem is it? Indicate or point a finger. Everybody says, "Not our problem," and everyone works within the Act, tries to do a good job, and there are no complaints as to what you are doing about Act at all, staying within that scope. Then whose problem is it?

Mr. DesRoches: I do not think it is anybody's specific problem. I wish I could say. I think the government could make it somebody's specific problem, but whether this would be the right approach or not I am not sure. Obviously, included in the poverty, as the Economic Council defines it, are the native populations, for example. Are you going to remove this from the responsibility of somebody else? You have the untrained youth, which is another area: are you going to take this away from Manpower?

What we need perhaps is to fix responsibility at a total level for a total programme in the government service (how this is done I do not know); in other words, something that cuts across the lines. If you can conceive of an organizational trick that would do this, then I think it is a better answer than to re-structure another department, taking all the parts away from the others; because to-morrow somebody might say: "Who is responsible for unemployment?" I am not. We are responsible for paying unemployment insurance. Manpower is not responsible for unemployment. I suppose Trade and Commerce is not. Regional Economic Expansion are not. I think everybody has a responsibility. I think the total answer is with the government.

As to whether it would be worthwhile to create this inter-agency structure for this particular purpose, you

are going to have to weigh the disadvantages of creating another structure which would cut across.

The Chairman: Did you know the Economic Council did recommend that.

Mr. DesRoches: Yes. I have a feeling that Mr. Marchand's department is supposed to take that role of leadership, and if it does then it is up to all agencies to work with the Department of Regional Economic Expansion to try to fit in all the different parts; but somewhere along in between a new department and a co-ordinating department is the solution, I think, from an organizational point of view.

The Chairman: Senator Roebuck.

Senator Roebuck: I would like to follow up what Senator Croll has been pecking at and what Senator Carter said.

You have been very close to this question of poverty, and that is our particular job. I wonder if you have not given a good deal of thought to the general situation outside of what you have described as the narrow band of your own routine. That, of course, is your particular duty, and I have no doubt you are doing it well. Your duty is to protect the fund; that is the main duty that you have; but the key to your problem with regard to the protection of the fund and the satisfying of the need that was the basis of the original plan—and still is, the satisfying of the need; the key to it is the availability of employment. When there is a great number of people unemployed, you in your fund are in trouble. When, on the other hand, wages are high and the cost of living is low, and so on, it would be very easy sailing for you. The wage rate is very important.

I was shown a newspaper clipping yesterday which showed that some chap had left a job to go on unemployment insurance because he would get more out of insurance than he would out of the low wages that are being paid.

Our problem in poverty is not only those who are unemployed, but those so badly employed and so badly paid while they are employed that they are below the poverty line.

There must be some general thoughts in connection with it. You must have thought of them, in touch as you are with people in straitened circumstances. Can you not give us some enlightenment or that? Never mind your own special duty and assignment, but can you not tell us something about why there should be poverty and unemployment in a land of plenty like this, with its extent and with the excellent labour force we have got? That is what we are interested in; that is what I am interested in and

that is why I am here. I am fighting poverty, not just for hand-outs but to see if we cannot find some recommendations to make to the government that will improve the economic condition of our people and make more employment and better wages, and a more complete and profitable use of our natural resources.

Mr. DesRoches: I think if I had the answers your job would be rather simple, but I am afraid this would be over-simplifying my competence or my knowledge of the area.

I suppose, like everybody else, I have to first of all find out exactly what the problem is to start with. I have read the report of the Economic Council. Poverty is relative, and it seems to me that what we have to decide is how much poverty we are going to bear, and then how many direct measures are we going to take? I think the government is taking direct measures.

How effective is income maintenance as a device that is useful beyond the direct measures? You have listed the creation of job opportunities and the upgrading of people, and I think all of these things are part of the solution.

When we get to income maintenance, which is perhaps the area which is attracting the most interest at the moment, I think we have to ask ourselves: Is this going to solve the problem of the particular group that we have in mind? Are people equipped?

Senator Roebuck: Do you think it will?

Mr. DesRoches: I do not know. I wonder if people are equipped to solve their own problems by themselves. I will not go into other programmes, but just let us look at our programme. Is the fact that we have paid unemployment insurance to people who are in marginal employment, helped them get out of marginal employment? I am not talking here about the people who are in steady employment and who then have a bad luck period here and there and it fills their gap. I think this is fine. I am talking about the people who have not been able to help themselves, who have not the capabilities, who have not the steadiness to continue on. Is supplementation of income a valid solution? This is a very hard question. I do not know if anyone has the answer to this.

I think we fall too easily into the trap that these things are easily done administratively. I crank up a guaranteed income scheme, and it is nice and neat, but does it help the people who get the money? All it does is put money in their hands. Does it help them solve their problem?

Senator Roebuck: It puts them in the position to pay higher rents.

Mr. DesRoches: It does, if they take the option to pay higher rent rather than do something else, which is still the option they have. I do not want to be cynical here, but I think this has to be examined.

Senator Roebuck: That is what has happened to a lot of our hand-outs so far, you know.

Mr. DesRoches: That is right.

The Chairman: While you are at it, Mr. DesRoches, would you say that the money we pay out under old age security is not beneficial and is not providently used?

Mr. DesRoches: I would not argue that at all. I think the old age pensioners as a group are probably people who can be trusted to make use of this money, because they are at the level where they need the basic necessities of life, in the sense that . . .

The Chairman: They are not throwing the money away.

Mr. DesRoches: They are not throwing the money away.

The Chairman: Then I take you back to the younger group. You were around here when the arguments were made against family allowances, that the money would be spent in beer parlours and thrown away. What has been the experience of the country in that respect?

Mr. DesRoches: I would not know. I am not suggesting again, that people throw this away, but I am not sure that they take the options that solve their problems permanently. As to whether or not they throw their money away, it is a free country and I think they can do what they like with the money, this is fine; but is it helping to solve a problem in the long run? It is really a question you have to ask yourselves.

The Chairman: While we are at it, it seems to me that both the short-range and the long-range solution for the poor, is to put cash into their pockets. Why do we constantly mistrust them? They have never had the cash. We put cash into other people's pockets and they seem to get along well. Why do we always sit back and say no?

Mr. DesRoches: Well, we have batteries of programmes that do this—Canada Assistance Plan through welfare programmes, our programme, the family allowance programme. I do not think you can say there are no programmes that do this. I think what you have to ask yourselves is whether these programmes are effective for doing what you want to do.

The Chairman: Then we are into an administrative problem, as we were saying. If the programmes are there and the funds are there, is it not a matter of administration?

Mr. DesRoches: Well, it is a matter of administration merely to give the money out. What I am saying is that this is easy to do, but what you have to ask yourselves is: Is this going to do the job that you want done, either in the short-run or the long-run? In the short-run it will mean that people have income, but if everybody has the same income and everybody is in the same situation, are you improving relatively—because poverty is a matter of relativity—the people that you want to help, and what is the kind of help that they need?

The Chairman: We have asked you questions today about income maintenance and guaranteed annual income, but actually what we have been talking about at other times is services and attitude as well. But, when we start talking about money and providing it for these poor people, there is a certain amount of wondering whether the poor can be trusted with money.

I put it to you this way. As long as you and I can remember, poverty has been studied by the experts in Canada and every other country; yet we have poverty and even an increasing amount of poverty.

Mr. DesRoches: Yes.

The Chairman: Is it not time that we ought to go to the people who are poverty-stricken, to find out what they know about this problem?

Mr. DesRoches: I do not doubt this. This is much beyond my own competence. Exactly what you are going to do once you have talked to them, of course, I do not know. I do not disagree that you should seek their advice. This seems to be jelling up in some provinces where they are in fact grouping together into associations, and perhaps if they have a voice they can express their own needs. That is one way of finding out what they need.

However, as to exactly what the solutions are, I think the battery of all these programmes is still the only answer. I do not think guaranteed income or any one measure will solve the problem.

The Chairman: What you are saying is that something that was suggested by the Economic Council and something that you think is worth examining, is a central agency to attack poverty.

Senator Roebuck: And to analyze the problems.

Mr. DesRoches: We have had that.

The Chairman: And it has not worked obviously.

Mr. DesRoches: It has not worked.

The Chairman: But you said something about consideration of a body.

Mr. DesRoches: Some kind of co-ordinating force, yes. It would have to have enough teeth to do the job. I think the Regional Economic Expansion, as I see it, seems to have this kind of approach.

The Chairman: The bill?

Mr. DesRoches: Yes. When the bill is passed, then what happens I do not know.

The Chairman: But the powers of the minister under this bill, by the minister's own words, are limitless. I think that is what he said.

Mr. DesRoches: That seems to be.

The Chairman: So there is an attempt there towards some solution.

Mr. DesRoches: That is right.

The Chairman: On a regional basis anyway.

Mr. DesRoches: That is right; it is a regional approach.

Senator Fournier: When the insurance was instituted in the early 1940s, I think the purpose of the insurance was that if I was working it was more of an insurance of my income, and if there were a break in my salary somehow I would have insurance. Have we gone out of this framework so that we do not look at it this way somehow?

Mr. DesRoches: There was a further factor. It was based on the idea that you could predict unemployment; that you would have cycles and these things would be predictable up to a certain extent. Without being an economist myself, I think I could bring economists here who would disagree with the view that unemployment of a severe nature is predictable. So it is a form of prepaid protection of income for the individual.

Where we departed from this is when we disregarded either the cost of the benefits paid—and that was the case with the fishermen—or where we disregarded the conditions of insurance in the case of seasonal benefits, for example. So there have been departures.

Senator Fournier: Do you not think we have made it a little bit too easy by cash payments? Should we not have said right at the beginning, which was the right 20412-3

time: "We will give you \$25 a week, but you have to produce two days of work somewhere"?"

Mr. DesRoches: I think this would go against the political philosophy of a lot of people, including my own. I am not sure that one can force people to do what they do not want to do, and this is exactly what this would have drifted into—the labour camp idea. I am sure you do not mean this.

I think that all this scheme was ment to do—in spite of the other views that we have had—was to make it as easy and with as little red tape as possible, for people to qualify in dignity and with right.

If you impose these conditions, then you can superimpose the obligation to work. I know that there is some talk of forcing people to go to work in order to receive benefits, but I think this is probably an archaic concept which it would be difficult to justify in this day and age.

Senator Roebuck: Impossible.

Senator Fournier: I agree you may have a point. We may say it is impossible, although nothing is impossible when you want to do something.

Mr. DesRoches: I am not saying impossible. It might be against the grain of a lot of people.

Senator Fournier: I think the labour unions would oppose it.

The Chairman: He says he does too.

Senator Fournier: We have to look at the situation in which we are to-day and face the facts as we see them, not only in unemployment but in welfare. I believe we have spoiled the people by hand-outs, and that all they think of now is getting something out of the country for free.

Mr. DesRoches: Then whose responsibility is it to re-structure the programmes to make them more adaptable to the conditions? I am not sure I would agree with you fully. I think there are abusers of all these programmes, but they are not the majority, and we have a responsibility to ensure . . .

Senator Roebuck: What would have been the situation if we had not had these programmes? We would have had riots and uproars, all sorts of things, heart-rending conditions.

Mr. Ward: Depressions.

Senator Fournier: We have all kinds of riots now.

Senator Roebuck: Nothing like it in Canada as compared with the country to the south.

Senator Inman: Can I ask: why are hospital workers exempted?

The Chairman: I was going to ask; I had the question.

Mr. DesRoches: I think it is a multiplicity of reasons. Probably because in those days hospitals were operated in large measure by religious organizations, and the labour portion was not highly organized. That is not the situation to-day. I think that has been the main reason.

The Chairman: But I can remember that was a sore point with us when we brought the Act in. That was the argument used at the time. It was a good argument, but the argument no longer exists today and has not existed for ten years. Is that true?

Mr. DesRoches: Yes.

Mr. Beatty: There was also the thought though that the hospital was operating on a very narrow margin of profit, and to impose this added burden on the administration of the hospital when it was touch-and-go as to whether it could meet its financial commitments, would in fact be a hardship that was not justified.

The Chairman: So instead of giving the hardship to the hospital, they put it on the people.

Mr. Ward: That is right, the philosophy being it would make the workers subsidized.

The Chairman: That did not make much sense then and it does not make much sense now. I hope that at the first opportunity you will make some recommendations with respect to it, which are long overdue.

Senator Roebuck: Since management has been rather generous in their expenditures as it is, I do not know why they cannot take in this as well.

The Chairman: And the government's contributions are very handsome. Any other questions?

Senator Roebuck: And their expenditures are fantastic.

The Chairman: Gentlemen, you have been very helpful to us this morning. You have been very frank, and you have given us some interesting matters to consider. On behalf of the committee, Mr. DesRoches, I want to thank you and the members of the commission who accompanied you. You will, of course, send us the answers which we requested. Thank you very much.

Senator Roebuck: I move we adjourn.

The committee adjourned.

APPENDIX "J"

SUMMARY OF BRIEF
TO SPECIAL SENATE COMMITTEE ON POVERTY
FROM UNEMPLOYMENT INSURANCE COMMISSION

Substance of Information Supplied

1. Outline of the function and scope of the unemployment insurance program, indicating its main features, what it is designed to do, the limitations imposed by the nature of the program, and the impact of this program on the problem of poverty.
2. Comments on the degree of present integration of unemployment insurance with other social security measures, indicating some gaps and inadequacies.
3. Suggestions regarding possible improvements in the unemployment insurance program that would have some effect in reducing poverty.

Main Conclusions and Recommendations

1. Unemployment insurance can have only a limited effect in dealing with poverty because

- (a) its operation directly affects only wage-earners and their dependents,
- (b) its main purpose is to compensate for the temporary loss of earnings and, thus, to prevent those who are already in employment from suffering destitution and poverty as a result of losing their employment.

2. Within its proper sphere of operation the unemployment insurance system could be expanded so as to have a more comprehensive effect in lessening poverty and reducing dependence on welfare. Possible areas of change are wider coverage, more effective benefit provisions, treating loss of employment as compensable when it results from sickness or pregnancy, improved integration with other forms of social development programs, and improved liaison with the agencies that administer them. It should do more than alleviate the loss of earnings; by acting as a channel to other related programs, it should facilitate the re-absorption in gainful employment of a greater proportion of the unemployed.

List of Appendices

- A. Unemployment Insurance in Canada—Description of the program and its development to date.
- B. Unemployment Insurance Fund—Revenue and Expenditure table showing amount of benefit paid from 1 July, 1941 to 31 March, 1969.

C. Unemployment Insurance Coverage—Estimated number of insured and non-insured employees at September 1968.

D. Recipients of Unemployment Insurance Benefit in 1967—tables showing the distribution according to earnings ranges of:

- (1) All recipients with dependents and all without dependents.
- (2) The number of male recipients and the number of female recipients who support dependents.

E. Average duration and Rate of Unemployment Insurance Benefit—1964 to 1967.

OTTAWA, 26 May, 1969.

TO: The Special Senate Committee on Poverty
FROM: Unemployment Insurance Commission

1. In submitting comments to the Special Senate Committee on Poverty the Unemployment Insurance Commission wishes to preface these by saying that the Commission is aware that the unemployment insurance programme can have only an indirect impact on the poverty situation. By its very nature unemployment insurance can deal only with a defined and limited set of disturbances in the economic weather. Within those limits it can and does play a useful role.

2. This presentation is intended to outline briefly what the unemployment insurance programme is, what it is designed to do and what it cannot do; second, to show where unemployment insurance fits in with the rest of the system of social security, pointing out some places where there are gaps or possible overlapping; third, to indicate some areas where, within its proper sphere of operation, the existing unemployment insurance programme could be extended and improved, in order to achieve a programme that is more effective and also better integrated with other programmes.

3. It is hoped that this information will help the Senate Committee to better discern the precise needs to be dealt with and the most effectual ways of meeting them.

4. Some additional details and supporting data are given in the appendices.

Function and Scope of Unemployment Insurance

5. In order to assess the contribution that unemployment insurance can make towards supplying a remedy for poverty it is necessary to understand its character and purpose.

6. Stated briefly, unemployment insurance is a system for providing protection against loss of wages resulting from involuntary unemployment, so that the unemployed person will continue to receive cash payments at regular intervals for a specified length of time as an aid towards maintaining him until he can get back into employment. In order to receive this benefit he does not have to show need or be subjected to any examination of his means. His eligibility to receive payment is conditional on his satisfying the legal requirements, namely, that he has had the necessary previous attachment to insured employment, that his unemployment has not been brought about by his own action, and that he is able and willing to work but unable to find suitable employment. The details of the unemployment insurance scheme as established in Canada are shown in Appendix "A".

7. The objective of unemployment insurance is:

To meet the personal income-loss problem of the unemployed person and his family by providing cash payments at regular intervals in lieu of wages lost through temporary interruption of employment. (Under the present program in Canada benefit payments are made every two weeks.)

In meeting this objective, three main benefits accrue to the economy and the workers:

- (1) It helps to maintain consumer purchasing power in the local community and throughout the country during such unemployment, and thus prevent the spiral whereby decreased purchasing power results in decreased production and thus further reduces the opportunities for employment.
- (2) It assists trained workers to preserve their skills by sparing them the necessity when unemployed of abandoning their previous trade and being forced to accept unskilled or unsuitable work in order to avoid destitution.
- (3) It fosters the best utilization of the country's labour force and helps to stabilize employment by preventing the dispersal to other parts of the country of an employer's trained labour resources during temporary layoffs.

8. Unemployment insurance is of direct benefit only to those who have recently been in wage-earning employment covered by the scheme and to their dependents. (At present about 83% of those in

wage-earning employment are covered—see Appendix C.) Unemployment insurance does not help the unemployed workman who has always been self-employed or engaged in a non-insured employment, or the mother who is the head of a family but because of small children cannot take paid employment outside her home, or the person who has never been able to work because of physical or mental disability. It does not lift people out of poverty. Its benefits tend to be limited to the prevention and alleviation of poverty in the segment of the population that normally has employment and that would be poor were it not for unemployment insurance benefit being available when unemployment strikes.

9. For the segment protected by unemployment insurance the system has advantages that make it preferable to other forms of assistance. Insurance is a method to prevent destitution and poverty, not solely to relieve these conditions after they occur. The right to benefit grows out of the work performed; the more an individual earns the greater is his protection. As the unemployment insurance benefits are paid without regard to the means of the claimant, he can supplement the benefits by his own savings or other resources; thus the programme is an extension of self-support. Moreover, the benefits are paid as a matter of right, not charity, which protects the rights and self-respect of the recipient. Finally, the fact that contributions are paid fosters a sense of financial responsibility on the part of beneficiaries. They know that increased benefits have to be paid for by increased contributions.

10. Moreover, the flexible character of unemployment insurance makes it a highly useful and adaptable tool. The fact that the benefits are graded to the individual's normal level of earnings means that unemployment insurance can be applied to an immense range of jobs and industries, irrespective of seasonal or regional variations, or whether the location is urban or rural, or how the worker is paid, or what the worker's sex or age may be.

11. During its 28 years of operation since 1941 the unemployment insurance programme, as shown in Appendix B, has put over six billion dollars into the hands of unemployed persons, mostly in relatively small individual amounts, to help maintain their income and purchasing power while out of work. The programme is self-sustaining through the contributions paid by insured workers and their employers and the government. During the fiscal year just ended (31 March 1969) revenue was \$539 million, benefit payments amounted to \$455 million and at 31 March the Unemployment Insurance Fund had a balance of \$382 million.

Integration of Unemployment Insurance with Other Social Security Measures

12. It has to be recognized that by its nature the unemployment insurance system is limited in its operation. It is and is meant to be only a first line of defence against need and only against a particular kind of need—that resulting from loss of earnings. Consequently, it has to be supplemented in two directions by some other form of assistance. The first is to provide for those who cannot be accommodated within the unemployment insurance system, such as the self-employed. The second is to take care of those who are within the system but whose benefits have been exhausted or are insufficient to maintain an adequate level of income throughout their periods of unemployment.

13. Pending the introduction, therefore, of other economic measures that will overcome and remove the causes of poverty, there remains the need for other forms of assistance in order to provide for those whom unemployment insurance does not protect, those whom it has ceased to protect or protects inadequately, and those whose poverty is not the direct result of unemployment.

14. As already mentioned, unemployment insurance does not lift a poor man out of his poverty; it only helps to keep him from dropping below the level where he was—before he lost his job. Moreover, as the benefits are in proportion to the previous earnings, the workers in the lowest paid segment of the labour force get relatively little, although their need may be as great as another person's. Unemployment insurance of course insures a worker against the loss of only those earnings that he actually had; its benefits are graded as a proportion of those earnings. For a claimant with a dependent the weekly benefit is about 50% of his normal weekly earnings and for a claimant without a dependent it is about 40%. For this reason unemployment insurance is only a partial answer to the problem of those who suffer from chronic under-employment because of the casual or seasonal nature of their work.

15. Appendix D shows the number of claimants in 1967 by earnings ranges and indicates the percentage of persons receiving help from the unemployment insurance system who, according to the level of their normal earnings, could be regarded as among the really poor. Appendix E, which covers a four-year period, shows the average number of weeks of benefit for which the claimants qualified, the average number of weeks of benefit that they actually drew before finding employment, and the average rate of benefit received. It should be understood that the higher rate payable when a claimant has dependants is the same whether his dependants number more than one or only one.

16. Not only are there areas in which the benefits available under the unemployment insurance system

to wage-earners may have to be supplemented and other existing types of help provided for those who are not wage-earners; there are also gaps in the existing social security system in Canada that no programme specifically deals with, even though the people affected are wage-earners.

17. One concerns the wage-earner who loses employment and earnings because of sickness. His loss is not covered by Workmen's Compensation because it is not due to an injury or illness arising from the work he is doing. He cannot receive benefit under existing unemployment insurance legislation because he is not capable of and available for employment. He is unemployed, however, in a no less serious way than the worker who has been laid off because of a shortage of work. Unless his employer is one of the small number who continue to pay their employees during periods of illness, that person's only way to protect himself is to carry individual personal insurance against sickness. A case can be made for providing unemployment insurance benefit for this contingency.

18. Another gap is the loss of earnings that generally occurs when a woman has to leave her employment on account of pregnancy. She cannot qualify for unemployment insurance under existing rules while not available for and capable of work. Although a growing number of employers allow maternity leave, ranging up to as much as 26 weeks in some cases, such leave is generally without pay. In a recent study the Canada Department of Labour found that "with few exceptions employers do not continue wages during any part of maternity leave. A small percentage of employees are covered by wage loss insurance plans which provide partial pay during maternity leave." (Department of Labour News Release 23/69 issued April 28, 1969) There is no question but the contingency involved here is closely related to unemployment and that for a family close to the poverty line the loss of wages due to pregnancy may be as serious as the loss of wages due to lack of work.

Possible Improvements in Unemployment Insurance—Effect in Reducing Poverty

19. In several areas of the Canadian economy where there are pockets of poverty, the unemployment insurance system has already been expanded so as to play a more effective role than at its inception in 1941. The coverage has been extended to take in the primary industries of forestry and logging (1950), fishing (1957) and agriculture (1967), in all of which some degree of poverty existed. Seasonal benefits have been added, for the special protection of workers who become unemployed in the winter months and who cannot qualify for regular benefit. More equitable rules were introduced some years ago regarding the treatment of a claimant's earnings from subsidiary or casual work while in receipt of benefit, with the object

of increasing his incentive to help himself by thus supplementing his benefit payments.

20. There remain further areas where unemployment insurance could be applied and could have a more comprehensive effect in lessening poverty and reducing dependence on welfare. Some are indicated briefly here without going into detail.

- (1) The protection of unemployment insurance as a form of income maintenance could be extended to an additional segment of the working force and their families by taking in some of the major groups still excluded such as employees of hospitals. The estimated size of this segment is shown in Appendix C.
- (2) More effective benefit provisions might be devised, having regard to
 - (a) amount of benefit in relation to normal earnings,
 - (b) condition for eligibility,
 - (c) the extent to which the basic benefit should be supplemented, particularly in areas where unemployment is more severe and tends to be chronic.
- (3) Loss of employment due to illness or pregnancy might be included as contingencies for which benefit would be payable.
- (4) Improved integration might be achieved with other forms of social development and welfare programs in order to give maximum effectiveness to the overall system by closing gaps and eliminating overlapping.
- (5) Improved liaison could be sought between unemployment insurance and other agencies such as the Department of Manpower and Immigration and provincial and local authorities, so as to make the most effective use of resources, eliminate waste and abuse, increase public confidence in the system, and obtain the maximum co-operation of employers and employees and their organization.

21. In saying this it is realized that, as the Economic Council of Canada stated in its Fifth Annual Review, September 1968, page 131: "No policies are more effective in helping to move families and individuals out of poverty than the combination of demand and supply policies required to sustain new job creation and the increasingly efficient use of manpower, capital and other productive resources."

APPENDIX A

UNEMPLOYMENT INSURANCE IN CANADA

Description of the Program and its Development to Date

1. Objective

The basic concept embodied in the Unemployment Insurance Act is a plan, designed to operate on insurance principles and in which participation is mandatory for all workers engaged in any of the employments that are covered by the plan, whereby such workers will be given a degree of financial protection against the hazard of losing their employment through causes beyond their own control. In the event of this contingency, an indemnity is payable that replaces part of the wages lost as a result of the interruption of employment. Payment is conditional on the worker being unable to get employment and being ready, willing and able to take suitable employment that becomes available.

The indemnity or benefit is provided from a fund that is created and maintained by contributions from all the employed persons who are covered by the plan, together with matching contributions from their employers and a further contribution from the Government of Canada equal to one-fifth of the total contributed by the employees and employers.

2. Basic Framework of the Plan

When the 1940 Unemployment Insurance Act of Canada was being drafted, the two principal models available for study were those of Great Britain and the United States. The Unemployment Insurance Act, which came into operation in Canada in 1941, was strongly influenced by the British plan. This derivation can be clearly seen in several significant features.

1. Contributions are jointly paid by the employer, employee and the government.
2. On the theory of pooling the risks for the whole country, the same rate of contribution is paid for the same rate of earnings regardless of the greater or lesser risk of unemployment in a particular industry or type of job. There is no experience rating under the Canadian scheme such as is found in the United States.
3. The basic method of paying contributions initially adopted was by adhesive stamps, which the employer buys at the post office and affixes weekly to the employee's insurance book or card, the stamp

showing the value of the joint weekly contribution. As this contribution method was particularly suited for small firms, it was possible from the very beginning of the scheme to apply it on a compulsory basis to all employers. It was not necessary to exclude firms with less than a specified minimum number of employees, as the United States had done. An employer with even one employee had to see that the employee was insured.

The system in Canada incorporates a graded plan of contributions and benefit, related to the earnings of the individual employee. This feature was of particular value on account of the great size of the country, the wide regional variations in earnings and the extent to which Canadians tend to move about the country from one job to another.

The precedent suggested by the United Kingdom plan, whereby there was tripartite responsibility (employers, workers and state) for sharing in the contribution was carried further into the administrative, adjudicating and consultative arrangements. Representatives of the three elements are found in the Unemployment Insurance Commission which administers the plan and the Boards of Referees which hear appeals in benefit cases, and the Unemployment Insurance Advisory Committee, which keeps a watch on the Unemployment Insurance Fund, from which the benefit payments are made.

The most noticeable difference between Canada and the United States in regard to administration of their respective unemployment insurance plans is that Canada has a single centrally administered federal plan, operating in all parts of Canada under one Unemployment Insurance Commission located at Ottawa, whereas in the U.S.A. each of the fifty States has its own separate plan, subject only to general and long-range oversight by Washington, mainly in regard to seeing that the State plans comply with certain minimum standards established by federal law. This system of separate State plans in the United States requires an elaborate system of reciprocal arrangements between the fifty States for taking and processing claims, something not needed under the Canadian national scheme of unemployment insurance.

3. Principal Changes Since Inception of Canadian Plan

Since the inception of the Canadian unemployment insurance programme in 1940, numerous amendments have been made with the object of making the protection more effective, extending coverage to additional categories of workers and periodically adjusting the rates of benefit and contributions to keep pace with changes in the level of earnings of the insured workers.

Expansion of Coverage

Initially the plan covered only employees working for an employer under the employer-employee relationship defined as a contract of service. Under a contract of service, whether written or oral, the employee agrees to perform services, subject to the employer's right to exercise detailed direction and control both as to what is done and also as to the manner of performance. The programme therefore did not cover any own-account worker or independent contractor, that is, a person who undertakes to produce an agreed result but reserves to himself the right to determine the manner and means of accomplishing that result.

Initially a considerable list of categories of employees were also excluded from the scheme, notwithstanding that they were employed under a contract of service. These groups were excluded on account of administrative problems or because they were of a type that seemed to be difficult to fit into a scheme of unemployment insurance basically designed for salaried or wage earners in industry and commerce.

Some of these categories are still excluded but large groups of workers have been brought under the scheme in the intervening years. Examples are persons employed in transportation by water, stevedoring, transportation by air, lumbering and logging, agriculture and fishing.

The extension of coverage to fishermen, including self-employed fishermen who constitute three-quarters or more of the fishing force, broke through the earlier restriction of coverage to persons with an employer. A special scheme had to be devised in order to adapt the unemployment insurance provisions to fishermen. A similar extension of coverage to groups containing a substantial proportion of self-employed persons has been made in respect of barbers and taxi drivers.

The main groups still not covered are the permanent public service (federal, provincial and municipal), most employees in hospitals and charitable institutions, domestic servants, teachers, persons in casual employment not related to the employer's business, and employees on fixed salaries over a specified yearly figure (originally set in the 1940 Act as \$2,000 and raised periodically in accordance with rising earnings levels to the present figure of \$7,800.)

Benefit

Changes designed to liberalize the payment of benefit included:

1. since 1950 seasonal benefit, available during the winter under easier qualifying conditions than regular benefit, has been payable to insured persons who are unemployed in the winter and either cannot qualify for or have exhausted their regular benefit.
2. since 1953 an unemployed person who falls sick after beginning to receive benefit may continue to be paid benefit notwithstanding that he is incapable of work.
3. In 1955 a revision of the benefit formula resulted in more liberal payment of benefit through
 - (i) putting the qualifying contributions on a weekly instead of a daily basis;
 - (ii) providing longer duration of benefit in relation to the number of contributions paid;
 - (iii) providing that the duration would no longer be reduced by reason of benefit drawn on previous claims, and
 - (iv) allowing a person who obtains casual or part-time work while on claim to have a certain amount of his earnings disregarded without loss of benefit.
4. A recent amendment preserves the benefit rights of a claimant who is receiving training under the Adult Occupational Training Act by permitting a suspension of the normal lapsing of his benefit period.

In addition the weekly rates of benefit have been periodically adjusted to keep pace with the rising level of earnings, so as to maintain the benefit ratio for a claimant with a dependent at approximately 50% of his normal earnings.

To preserve the character of the scheme as insurance against a risk rather than against a certainty, and to control abuse, regulations were introduced that imposed additional qualifying conditions for receiving benefit in respect of

- (i) persons employed in specified occupations of a highly seasonal character in the industries of inland navigation, stevedoring and logging.
- (ii) women who applied for benefit shortly after marriage.

These regulations could not be maintained for more than a few years in the face of complaints of discrimination and were revoked.

Contributions

Adjustments have been made from time to time in the rates of contributions, whereby the employer's and insured person's shares have each been maintained at slightly over 1% of the earnings.

Social Insurance Number

In 1964 the original unemployment insurance numbering system for registration and identification of insured persons was replaced by an expanded system of social insurance numbers, administered by the Unemployment Insurance Commission, but now used by Canada Pension Plan, Income Tax and other agencies in addition to the Unemployment Insurance Commission.

Reciprocal Arrangements

These arrangements have developed with the United States for the taking and payment of claims for benefit filed in one country on the basis of credits acquired in the other, and for eliminating duplication of coverage and contributions.

General

The rules respecting payment of contributions and determination of entitlement to benefit have been adapted from time to time in order to cope with problems arising from new industrial and technological developments, extension of coverage to some employments previously outside the scheme, and changes in employment practices. Some examples of situations where such adaptations have been made are:

- (i) employers with very large payrolls, involving many thousands of employees, such as government departments and railways;
- (ii) peculiar work patterns or methods of payment, such as in lumbering and logging, stevedoring and the fishing industry;
- (iii) the spread of new employment practices, such as the five-day week, paid plant vacations and private supplemental unemployment benefit plans;
- (iv) the development of new techniques such as electronic data processing, which speed up the computation of claims.

4. The Present Unemployment Insurance Programme

Contingencies Covered

These are involuntary unemployment due to lack of work when the person is able, willing and ready to take suitable employment but cannot obtain it; incapacity due to illness, injury or quarantine where the person has already begun to receive unemployment insurance benefit before the incapacity occurs; and

periods of training under the Adult Occupational Training Act which occur during the currency of a claim for benefit.

Persons Covered

All persons employed under a contract of service unless in one of certain excepted employments. The major exceptions are the armed forces, police forces, the permanent public service, most hospitals and charitable institutions, private domestic service, private duty nursing, teaching, employment by the spouse, casual employment not for the purpose of the employer's trade or business, and employment on a salaried basis where the earnings exceed \$7,800 a year. Persons paid by the hour, day, piece or mile are covered irrespective of the amount of yearly earnings. Fishermen, barbers (other than the proprietor of the shop) and taxi drivers (other than the owner of the vehicle) are covered whether or not under a contract of service.

Method of Financing

There has been no change since the inception of the Unemployment Insurance Act in the 5:5:2 ratio of contributions by the employer, the insured person and the Government. The Government also pays the administrative expenses; they are not charged to the Unemployment Insurance Fund.

Benefit Structure

Prior to 1955 entitlement to benefit required at least 180 daily contributions within the 104 weeks immediately preceding the date of claim, including 60 within the last 52 weeks (or 45 within the last 26 weeks). The rate of weekly benefit was related to the claimant's rate of earnings through the average of his most recent 180 daily contributions. The duration was one day for each five days of contributions in the previous five years less one day for each three days of benefit drawn in the previous three years, giving a maximum duration of one year.

Since the 1955 entitlement requires contributions in at least 30 weeks in the last 104 weeks, including 8 contributions in the last 52 weeks, and if a second claim begins within two years, there must be at least 24 new contributions since the beginning of the previous claim. The rate of benefit is determined as before through the average of the contributions paid. Duration is one week for each two weeks of contributions, giving a maximum duration of one year.

The periods within which the contributions must fall may be extended if they have been interrupted by periods of non-insurable employment, illness, detention in prison or loss of work due to a labour dispute.

There is a one week waiting period for which benefit is not paid.

APPENDIX B

UNEMPLOYMENT INSURANCE FUND

Revenue and Expenditure
for the period 1 July, 1941 to 31 March, 1969

Revenue

Contributions:	\$	\$
Employers and Employees	5,264,775,903	
Government	<u>1,052,364,650</u>	
	6,317,140,553	
Interest on investments	362,034,309	
Penalties on employers in arrears	1,604,538	
Less		
Loss on sale of securities	30,517,545	
Interest paid on loans	<u>5,281,965</u>	6,644,979,890

Expenditure

Regular benefit	5,159,751,705	
Seasonal benefit	<u>1,102,589,498</u>	<u>6,262,341,203</u>
Balance in Fund 31 March, 1969		382,638,687

APPENDIX C

UNEMPLOYMENT INSURANCE COVERAGE

Estimated Number of Insured and Non-Insured Employees
at September, 1968

Workers in insurable employment		5,223,000	83%
Workers in excepted employment:			
Hospitals and charitable institutions	180,000		
Permanent government employees:			
Federal	170,000		
Provincial	165,000		
Municipal	<u>102,000</u>	437,000	
Teachers		235,000	
Salaried employees paid over \$7,800 a year		165,000	
Nurses in private duty		50,000	
Police		<u>25,000</u>	
		1,092,000	17%
		<u>6,315,000</u>	100%

NOTE: Not included in the above figures are:

- (1) Armed forces numbering approximately 100,000
- (2) Miscellaneous minor groups in the civilian labour force who are in excepted employment such as professional sports, casual or part-time employment, private domestic service.
- (3) Employers, self-employed persons and unpaid family workers.

APPENDIX D
RECIPIENTS OF U.I. BENEFIT

Calendar Year 1967

(D.B.S. Annual Report on Benefit Periods Established under the U.I. Act in 1967--Table 6)

1. Number of All Recipients (Male and Female)
by Range of Normal Earnings

Weekly Earnings	Recipients with Dependant			Recipients without Dependant		
	No.	%	Weekly Benefit	No.	%	Weekly Benefit
Under - \$15.00	65	—	\$8.00	470	.1	\$6.00
15.00 - 20.99	430	.1	12.00	3,170	.6	9.00
21.00 - 26.99	1,030	.3	15.00	8,400	1.5	11.00
27.00 - 32.99	1,870	.5	18.00	17,615	3.2	13.00
33.00 - 38.99	3,410	.8	21.00	29,725	5.5	15.00
39.00 - 44.99	5,935	1.4	24.00	39,180	7.2	17.00
45.00 - 50.99	10,590	2.6	26.00	50,695	9.3	19.00
51.00 - 56.99	14,320	3.5	28.00	51,605	9.5	21.00
57.00 - 62.99	26,895	6.5	30.00	61,895	11.4	23.00
63.00 - 68.99	73,015	17.8	33.00	95,765	17.6	25.00
69.00 and over	273,530	66.5	36.00	185,930	34.1	27.00
	411,090	100.0		544,450	100.0	

2. Number of Male and Female Recipients
Supporting Dependents

Weekly Earnings	Weekly Benefit	Male Recipients		Female Recipients	
		No.	%	No.	%
Under \$15.00	\$8.00	65	—	—	—
15.00 - 20.99	12.00	320	.1	110	.7
21.00 - 26.99	15.00	600	.2	430	2.7
27.00 - 32.99	18.00	1,030	.3	840	5.3
33.00 - 38.99	21.00	1,980	.5	1,430	8.9
39.00 - 44.99	24.00	4,050	1.0	1,885	11.8
45.00 - 50.99	26.00	8,375	2.1	2,215	13.9
51.00 - 56.99	28.00	12,590	3.2	1,730	10.8
57.00 - 62.99	30.00	24,870	6.3	2,025	12.7
63.00 - 68.99	33.00	70,615	17.8	2,400	15.0
69.00 and over	36.00	270,625	68.5	2,905	18.2
		395,120	100.0	15,970	100.0

APPENDIX E

AVERAGE DURATION AND RATE OF U.I. BENEFIT

The following information is taken from the report of the Unemployment Insurance Advisory Committee in July 1968 with reference to the operation of the unemployment insurance system. It shows for a four-year period covering the calendar years 1964 to 1967 the average duration in weeks for which unemployment insurance benefit claimants qualified, the average number of weeks actually drawn and the average weekly benefit actually paid. (The amount paid is based on the benefit rates applicable prior to the increase in the rates that came into effect at 30 June, 1968. Before that date the maximum weekly rate provided by the Unemployment Insurance Act was \$36.00 for a person with one or more dependants and \$27.00 for a person without a dependant. These have now been increased to \$53.00 and \$42.00, respectively.)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Average number of weeks authorized	29.1	29.2	30.3	31.5
Average number of weeks paid	13.0	12.6	12.6	13.2
Average weekly payment	\$24.55	\$24.55	\$24.97	\$25.81

The Queen's Printer, Ottawa, 1969



First Session—Twenty-eighth Parliament
1968-69

THE SENATE OF CANADA

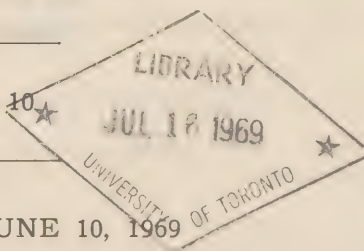
PROCEEDINGS

OF THE
SPECIAL SENATE COMMITTEE
ON

POVERTY

The Honourable DAVID A. CROLL, *Chairman*

No. 10 ★



TUESDAY, JUNE 10, 1969

WITNESSES:

From the Department of Manpower and Immigration: Dr. W. R. Dymond, Assistant Deputy Minister (Program Development); Mr. H. John Meyer, Acting Director, Program Branch; Miss Valarie Sims and Mr. Peter Penz, both of the Planning and Evaluation Branch; and Miss Jenny R. Podoluk, Statistician, Dominion Bureau of Statistics.

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman*.

The Honourable Senators:

Bélisle	Inman
Carter	Lefrançois
Cook	McGrand
Croll	Nichol
Eudes	O'Leary (<i>Antigonish-Guysborough</i>)
Everett	Pearson
Fergusson	Quart
Fournier (<i>Madawaska-Restigouche</i> ,	Roebuck
<i>Deputy Chairman</i>)	Sparrow
Hastings	

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, second by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

TUESDAY, June 10, 1969

Pursuant to adjournment and notice, the Special Senate Committee on Poverty met at 9:30 a.m. this day.

Present: The Honourable Senators Carter, Cook, Croll, Fergusson, Fournier (Madawaska-Restigouche), Inman, McGrand, Pearson, Quart, and Roebuck—(10).

In Attendance: Mr. Frederick Joyce, Director, Special Senate Committee on Poverty.

A brief, prepared by the Department of Manpower and Immigration, was submitted and ordered to be printed as *Appendix "K"* to this day's proceedings.

The following witnesses were introduced and heard:

From the Department of Manpower and Immigration:

Dr. W. R. Dymond, Assistant Deputy Minister (Program Development).

Mr. H. John Meyer, Acting Director of Program Research.

Miss Valerie Sims and Mr. Peter Penz, both of the Planning and Evaluation Branch.

AND Miss Jenny R. Podoluk, Statistician, Dominion Bureau of Statistics.

(Biographical information respecting Dr. Dymond follows these Minutes.)

At 12:55 p.m. the Committee adjourned until 9:30 a.m., Tuesday, June 17, 1969.

ATTEST:

E. W. Innes,
Acting Clerk of the Committee.

BIOGRAPHICAL INFORMATION

William Richard Dymond was born in Toronto, and received his secondary school education at Upper Canada College, Toronto. Dr. Dymond holds a Master of Arts degree in Economics from the University of Toronto and a Doctor of Philosophy degree, also in Economics, from Cornell University. His graduate thesis was in the field of studies of labour-management committees and the way in which they operated in the United States and Canada. He entered the service of the Department of Labour in the Economics and Research Branch in 1951, having previously been professor of economics at the University of Massachusetts. Shortly after his entry into the service, he was appointed Chief of the Manpower Division of the Economics and Research Branch; on January 1, 1957 he became Director of the Branch; and on September 18, 1961 was appointed Assistant Deputy Minister of the Department. Dr. Dymond has been a sessional lecturer in labour economics at Carleton University, Ottawa. He has also lectured in this subject at McGill University, Montreal, and was a staff member of a management seminar held at the University of Southern California in the summer of 1958. Dr. Dymond has represented Canada at meetings of the International Conference of Labour Statisticians and has delivered papers at sessions of the American Economic Association, the American Statistician Association, and the Canadian Political Science Association. He was a member of a special Interdepartmental Committee on Unemployment Statistics and has represented the Department of Labour in many discussions with governmental and non-governmental agencies interested in labour relations and manpower. In 1965 he was elected Chairman of the Manpower and Social Affairs Committee of the Organization for Economic Co-operation and Development in Paris, and he has since been re-elected to that position. In addition, he has served as an expert for many O.E.C.D. Manpower activities, including the 1961 "Examination of Manpower Policy and Programs in the United States." He was one of the authors of the report "Skilled and Professional Manpower in Canada, 1945-1965", which was prepared for the Royal Commission on Canada's Economic Prospects. As of January 1, 1966, Dr. Dymond has been the Assistant Deputy Minister in charge of the Program Development Service of the Department of Manpower and Immigration.

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Tuesday, June 10, 1969.

The Chairman (Senator David A. Croll) in the Chair.

The Chairman: I will call the meeting to order. It is very gratifying to see more than a quorum here at exactly 9.30. Thank you very much.

We will put the brief on the record. (See Appendix "K" to these Proceedings)

Our witness today is a very distinguished civil servant, Dr. William Richard Dymond. His biographical information has already been provided to you and will appear on the record. I just tell you that he has been in the service since 1951 in various aspects of government, and he has a wide knowledge. He is now Assistant Deputy Minister in charge of the Program Development Service of the Department of Manpower and Immigration.

He has with him Miss Valerie Sims, Mr. H. John Meyer and Mr. Peter Penz. Miss Sims is an officer in the Planning and Evaluation Branch of Program Development; Mr. Meyer is the Acting Director of the Program Branch of the Manpower Division.

Mr. Penz, as the Committee knows, will be with our Committee as of tomorrow. He has been seconded and will be with us as soon as this brief is completed. He will be very helpful.

I have explained to Dr. Dymond that he should give you a summary of the brief, and then we will start the questioning. Would each person try to take five minutes to begin with, and then we can come back again.

Dr. William Richard Dymond, Assistant Deputy Minister, Program Development, Department of Manpower: Thank you very much, Senator Croll and senators. I would first of all like to commend the Senate on following up the suggestion of the Economic Council to set up such a committee to study the problem of poverty. I think it is of the highest importance.

My department has encountered this problem in a very direct way in the hundreds of thousands of Canadians that visit our employ-

ment service. Our Canada Manpower centres have found that there are a large number of people who have persistent employment difficulties that result, to a degree, from their condition of poverty and also are a cause of their condition of poverty.

While my department's role lies primarily in its contribution to the national goals of economic growth, full employment and reasonable price stability, its policies clearly have a significant impact on the problem of poverty. Some of our policies help people to rise out of the poverty trap, while others prevent people from slipping into it. Before getting any further into department programs, let me outline the scope of the department's brief, and then summarize its analysis of poverty.

The department has confined itself in this brief to dealing with those problems that it believes it has some competence to analyze. The definition and measurement of poverty are discussed conceptually rather than quantified. For this reason, no projection is made. The causal analysis is essentially limited to those factors which are relevant to the labour market.

On the question of the incidence of poverty, the brief mentions briefly some characteristics of those members of the labour force who are poor. The discussion of programs is limited to the role and activities of the department and their relevance to poverty and the relationship between manpower policies and other policies. No specific recommendations are made, since they would involve significant policy issues which are not matters of decision at the official level of the department.

The analysis of poverty begins with the discussion of the definition and measurement of poverty. In its simplest terms, poverty is a persistent deficiency of goods and services.

Senator Roebuck: Hear, hear!

Dr. Dymond: The deficiency is not merely with respect to physical survival, but with respect to some culturally defined "decent standard of living".

To measure this deficiency, as I think many of you know, Miss Jenny R. Podoluk of the Dominion Bureau of Statistics, has developed, on the basis of the budget study approach, a poverty line which varies by size of family. It is a useful starting point, but a number of improvements or sophistications, I think, perhaps might be considered.

One is the geographic variability of the poverty line. If the poor see their poverty in relation to the general standard of living in their particular region or area, rather than to that of the whole country, the poverty line should vary on the basis of the average standard of living of the respective area. Alternatively, if the national living standard is the relevant reference point, the poverty line should be varied only on the basis of the cost of living, which varies somewhat from region to region.

Since the concept of poverty changes over time, one can either define the minimum income level in terms of real income and expect this definition to be revised from time to time as the overall standard of living rises, or one can define the poverty line in terms of its relationship to average money income. The second approach is probably preferable because low income earners often see the severity of their poverty in relation to the living standard of society as a whole, rather than in relationship to the purchasing power to buy some fixed basket of goods.

In measuring a person's purchasing power two problems arise. One is that assets contribute to purchasing power and they should therefore be included in its assessment. The other is that if poverty is seen to be a persistent income deficiency, temporary income deficiency should be excluded. Some concept of prospective life time earnings might be appropriate here.

Two alternative measures of poverty are suggested. One is the common one of the proportion of the population whose standard of living is below the poverty line. Since this measure ignores the severity of poverty, an income deficiency measure is suggested for certain types of analysis. It weights each poor person by the amount that his income falls short of the poverty line.

The analysis of the causes of poverty in the brief focuses on its labour market aspects. First of all, the aggravating effect of a deficiency in overall labour demand through unemployment, under-employment and its

effects on the earnings structure is examined. The limitations to increasing overall labour demand are the effect that this increase would have on inflationary price pressures. The problem therefore becomes one of how great are the costs of unemployment in terms of poverty and other factors are, on the one hand, and the cost of inflation, which has impacts on the poverty group as well, are on the other.

The more long-run cause of poverty is structural changes in the economy. They result from shifts in consumer demand, technological and organizational changes, and the exhaustion and discovery of natural resources. They change the industrial, the geographic and the occupational structure of labour demand. To avoid the development of labour surpluses, the movement of labour between industries, areas and occupations, is required. The factors inhibiting such movement are lack of information, the risk and uncertainty involved in such movements, the costs involved in them, and strong ties to particular areas or occupations.

One effect of structural changes is changes in relative earnings as between the different occupations. These relative earnings can be explained only in part on the basis of the skill level of the occupation. Another element is the technology that the occupation has to work with, and the productivity that results from this interaction between technology and the occupation. In other words, the wages attributed to various occupations are an important explanation of poverty; and the constant shift in the relative earnings of different occupations that is caused by structural changes and changes the position of various occupational groups in the economy from time to time.

The problem of those poor who cannot participate in the labour force is essentially one of income maintenance, and is not expanded upon in this brief. Neither are the factors that are both symptoms and re-inforcing causes of the poverty culture, such as inadequate schooling, excessive fertility, poor health, slum housing, debts, poor information about opportunities, and attitudes of defeatism and hostility. In other words, none of these things is enlarged upon in this brief, because it focusses essentially on the labour market factors surrounding poverty.

About two-fifths of the poor do not work at all. This does not necessarily mean that they cannot work. The dividing line between the

people potentially in the labour force and those who cannot work under any circumstances, is very blurred indeed. There is no sharp dividing line between those who can work and those who cannot work; it is a continuum. Some of the people whom we normally regard as unable to work, may become labour force participants if appropriate rehabilitation opportunities are available to them, or if certain institutional arrangements are made or certain discriminatory barriers are eliminated.

Two-thirds of the heads of poor families and two-fifths of the poor who are not in families, are at least occasional labour force participants. They are not constant labour force participants; most of them are in and out of the labour force. The important factors contributing to poverty in this group are low education, employment in the primary, labouring and service and recreation occupations, and inadequate employment opportunities. However, even among people who have worked the whole year round or who are in white collar occupations, or even a few with university education, there is significant poverty.

Manpower policy contributes to the reduction of poverty both in a remedial way—in other words in moving people out of a condition of poverty or doing things for them, such as training, that remove them; or in a preventive way—in other words, ensuring that they do not fall into a condition of poverty. It has a direct remedial impact when poor persons are helped to find steady and remunerative jobs through career counselling and referral to job openings, through financially assisting them to move to areas where appropriate jobs are available, and through training and vocational rehabilitation. It has an indirect effect when vacancies, which are accessible to the poor, are created by manpower programs which move employed persons to vacancies which are not accessible to poor people because of educational or occupational requirements. In other words, you can have a sort of step-up effect; you move a person into a vacancy up the occupational hierarchy, and it leaves a vacancy that they have moved from and someone can get on the ladder, so to speak, and start their climb upwards. This is what I have referred to as the indirect effect. Training and mobility assistance are preventive when they are offered at the beginning of a prospective lengthy period of unemployment or unsteady

employment, and a person is saved from slipping into poverty. The same applies to a person who has become handicapped as the result of an accident or illness, and who is given vocational rehabilitation right away. Another preventive program involves the encouragement of employers and unions to cooperate in planning industrial changes in a way which will minimize labour displacement.

Thus while these programs are essentially geared to contribute to economic growth, full employment and reasonable price stability, they contribute to the reduction of poverty in a significant way.

I will now outline briefly the departmental activities individually, and indicate their impact on the poverty group.

The employment service has the basic purpose of the effective matching of job-seekers and job openings, and thereby reduces the length of time workers are unemployed and jobs are vacant, thereby minimizing the loss of man-hours and productivity by placing workers in jobs which utilize their productive capacities. This involves client counselling, the provision of labour market information, and, finally, referral to job openings.

The labour market information system the department has developed, is already substantial, but needs to be and is being further expanded. More reliable data on job opportunities is now becoming available. Information on local labour market conditions is being generated by a network of field economists. Work is proceeding on the long-term projection of job opportunities, and a capacity to analyze the effectiveness of training and to recommend improvements is being developed.

The employment service has not confined itself to, or concentrated on, any particular segment of the skill spectrum of the labour market. A fairly universal approach is necessary, because vacancies tend to be concentrated among the higher skills, while unemployment tends to accumulate among the lower skills. To bridge this gap requires referring employed persons to better jobs, thereby creating job opportunities from the jobs from which they have moved which are accessible to less skilled persons.

The employment service also helps the poor by preventing their exploitation as a result of a limited awareness of job opportunities.

Since one of the major obstacles to remunerative employment is skill deficiency, the

occupational training for adults program was instituted early in 1967. It provides for the training of adult members of the labour force, and for training allowances as income replacement for adults with established economic responsibilities. During 1968-1969 about 240,000 were in training under the OTA program. On the average, the allowances provided to them amounted to about 70 per cent of their earnings in their last job before training. At the end of his training, the average trainee finds that his new job pays roughly one-fifth more in wages or salary, even shortly after the course is terminated. Of those who were unemployed when they entered training, two-thirds were fully employed at the time of the follow-up survey that has been conducted.

A recent analysis revealed that about one-half of the trainees were poor before taking their training (that is, by the Economic Council definitions). This ratio is about twice as high as for the population as a whole. This means that over \$100 million was spent on training poor people in 1968-1969.

The manpower mobility program provides exploratory grants for job-seeking in areas holding reasonable prospects for employment, and relocation grants once a job has been found. Relocation grants may cover transportation costs, a reestablishment allowance, and a home-owner's allowance where the sale or purchase of a house is involved. Relocation grants have averaged around \$600 per worker. During the fiscal year 1968-1969, over 6,000 workers received relocation grants, which represents about 1.5 per cent of the unemployed; although, obviously, that ratio does not mean much, because only a very small percentage of the unemployed would solve their problem by movement to another area. The earnings of those moved increased by at least 15 per cent. Almost one-quarter of all relocation grants were to workers with four or more dependants.

A poverty analysis of the mobility program indicates that the proportion of poor among the clients is about the same as for the population as a whole. However, poor men with larger families, benefited considerably from the program. The mobility program also contributes to the area development approach to the reduction of poverty. It is an integral part of each FRED plan and many of the assisted moves are to a regional growth centre from its surrounding hinterland.

The manpower adjustment program is designed to stimulate and encourage advance

planning on the part of management and organized labour, in situations where economic, technological or organizational changes create a need for manpower adjustments of considerable size. Such advance planning serves to minimize labour displacement by finding new jobs within the firm or industry for otherwise redundant workers, and thus helps to prevent long-term unemployment and poverty. Another program whose primary function is prevent long-term unemployment and poverty is the vocational rehabilitation program. Handicapped persons can be given occupational therapy and rehabilitation under equal cost-sharing arrangements with the provinces.

Other relevant programs and projects are the provision of funds to the provinces for the construction of training facilities in the form of grants under the technical and vocational training phase-out agreements and loans under the Adult Occupational Training Act; the immigrant adjustment assistance program which helps independent immigrants who get into financial difficulties during the initial period in which they are not eligible for provincial welfare assistance; the agricultural manpower program which helps seasonal workers to get harvesting jobs; and the Halifax outreach project which concentrates on the placement of hard-core unemployed persons. The department is conducting and subsidizing a significant number of research projects which are directly relevant to the poverty problem. They are listed in detail in the brief.

The effects of government policy cannot always be attributed to a particular program, but must often be attributed to the interaction of several programs. It is true that in a general way the effects of fiscal-monetary policy, on the one hand, and of manpower and other selective, structural policies on the other, cannot be distinguished. Both affect the level of unemployment and rate of inflation: structural policy by reducing the conflict between full employment and price stability, and fiscal-monetary policy by controlling the level of aggregate demand so that the best combination of inflation and unemployment results. However, manpower policy can be used as a fiscal or anticyclical policy tool as well as a complement to the main fiscal-monetary policies. Training can be concentrated in periods of low employment when

training would absorb idle manpower and channel purchasing power into the economy.

On the other hand, while training can be concentrated in periods of slack demand, its effectiveness and that of other manpower policies depends on the maintenance of adequate labour demand in the long run in the economy. A lack of job openings will make it impossible for graduated trainees to put their new skills to productive use, and these skills may consequently atrophy. The limitation to mobility exists basically in job openings and job availabilities, rather than job-seekers. This limitation is aggravated by labour market slackness. Much of the effectiveness of the employment service in finding people jobs depends, obviously, on the availability of job opportunities.

The general labour market conditions then are particularly important to the impact of manpower policy on poverty. Labour market slackness affects particularly seriously the job opportunities for unskilled and semi-skilled labour. Under tight labour market conditions, on the other hand, employers tend to change their conception of employability and accept persons who would be considered unemployable under slacker conditions.

Another policy area with which manpower policy must be coordinated in regional development. This is being done by making specific training and mobility program commitments to each FRED plan. The departments current average annual commitment to these FRED plans is about \$25 million per annum.

In conclusion I would like to underline two of the points made. The first is the importance of an adequate level of aggregate labour demand to any anti-poverty strategy. Without this condition, manpower policy, anyway, cannot be expected to make a significant contribution to the reduction of poverty among labour force participants.

The second is that the dividing line between labour force participants and non-participants—those who are in and those who are out, those who can participate and those who cannot participate under any circumstances—is really a very large blurred area. Many people are non-participants because employers consider them unemployable. Yet employability significantly depends on the pressure of labour demand, on the opportunities for training, rehabilitation and mobility assistance. To the extent that unemployable persons are the responsibility of income

maintenance policy, while manpower policy carries a significant responsibility for employable persons or persons potentially employable, there is then a trade-off between income maintenance and manpower policies. In other words, you can use the resources that would otherwise go into income maintenance policy, to put more into manpower policy to make more people employable; or if you use the resources for income maintenance presumably it will not be as available for manpower policies. This means that either a person can be considered as unemployable and supported by transfer payments, or the resources can be spent on making him employable. Such resources may often be extensive, but, given their effect over a lifetime, they are often well worthwhile and warranted. In other words, when you consider the resources required to support an unemployable person or one who is considered unemployable, for his whole lifetime and the lifetime of his family dependants, you are working with really very substantial resources in terms of their use to make him employable. Thank you very much, senator.

The Chairman: Thank you, doctor. Senator Fergusson.

Senator Fergusson: One of the things we aim at in Canada is a high level of employment, and the Economic Council (among others) have stated that a high level of employment is essential if we are going to do away with poverty. Do you think, in the free enterprise economy, that if we do have high employment that in itself will do away with poverty, or do we have to have something more?

Dr. Dymond: No, I would not say that that alone will do away with poverty, senator. I think it would reduce its incidence. In other words, as I have just indicated in my remarks, it is an important condition to the removal of a lot of people from poverty; but, just looking at labour market causes of poverty, unless the poor are put in a position, through various elements of policy such as training, education, mobility, rehabilitation and employment service, to find themselves a job, they will not be personally removed from that condition, even though the condition for the removal is there.

Senator Fergusson: That in itself would not clear up our problem, you feel—if everybody was employed.

Dr. Dymond: No, I would not say that alone would obliterate the problem, no, not as we have defined it in this brief, and as a relative thing in relation to standards of living and to income levels. It would, importantly, however, I would say, reduce its incidence.

Senator Fergusson: You are training people to do jobs, people who are not highly skilled, and we are producing a great many. I recently visited a technical school in another country, and the criticism that was being made is: "Sure, we are teaching people to do something, but there is not enough demand for what we are teaching them to do. What is the point of getting them trained if there are not going to be the proper jobs available?" Do you feel that in Canada there are plenty of available jobs for the people who are being trained?

Dr. Dymond: Not always, no. I do not think that you can perfectly adjust the character of the training to the availability of jobs, particularly if you have a very short-run prospective and an expectation, for example, that the person will get a job the week they leave the training course.

I think, however, that to look at the question you have raised, one must take a long-run perspective; that investment by the government, by the taxpayer in the skill training—if that is what we are talking about—of an individual will equip that individual to take advantage of a job opportunity in the occupation when it comes along, which may not be immediately but, say, over the next six months to a year. The skill does not atrophy that quickly. It would take three or four years for the skill to disappear completely, depending on what skill we are talking about.

We cannot predict with supreme accuracy, in any event, the range of job opportunities that are available in the medium term in the next two, three or four years. I would not say at all that we were wasting resources if there were not immediately available job opportunities for people that are taking training. I would think we would waste resources, however, if in the long-run they were no better off than before their training, certainly.

Senator Fergusson: I suppose education or training in any field is a good thing to have, whether you can put it to economic use or not; it does not hurt anyone.

Dr. Dymond: I think many of the people, for example, who took university education

of a specialized character in the late 1930's or mid-1930's or earlier did not have much of an outlook when they took that training, although in the long run many of them are doing very well. There was not much outlook for economists, I know, when I went to university, and yet there is a very strong demand for them at the moment.

Senator Fergusson: How does the department feel about what has been happening in the past as to how they have been able to match their training programs to the available jobs?

Dr. Dymond: As I think we indicated in the brief, we are doing two or three things that are important in this respect, and I do not want any of my remarks to suggest that I do not consider it important to get the best possible match between employment opportunities and the kind of training that is given. I really just want to say that I do not think you have a wasted investment if a person does not get a job immediately in the field in which he is trained.

Several things are being done. One is that we are introducing a massive follow-up survey—on which some of the statements in the brief are based—of all people trained under the programs that go into skill training, with the exception of apprentices, and a very substantial sample of people that go into Basic Training for Skill Development or the general educational up-grading part of the program, which will give us a detailed knowledge, through time, on the extent to which people go into occupations for which they are trained, or what happens to them subsequent to the training. That, of course, will help, in the longer run, to make a better gearing between the training that is given and the occupations into which they go.

Then we are engaged in forecasting, in the long-term up to 1975, the occupational requirements for Canada and the regions, which will provide better guidance than we now have.

The job vacancy survey, on which we shall be getting data from the Dominion Bureau of Statistics, will provide a running account of the job vacancies that are available in the Canadian economy.

So we have quite a bit of labour market information now on which to base judgments about what kind of training to buy people. It will be much better and will provide a better

coordination on this point over the next couple of years than is now the case.

I do not think we feel that there have been any serious mis-matchings of any substantial proportions, given the volume of people we are training—more than 240,000 over the past little while.

Senator Fergusson: I am not suggesting there were, Dr. Dymond, but I just wanted to know how you felt about it. Thank you.

The Chairman: Senator Carter.

Senator Carter: Dr. Dymond, I enjoyed your brief. In your brief you have dealt with poverty from the standpoint of the labour force and of the economic forces that operate in the labour market, and you have suggested a number of socio-economic concepts by which poverty may be defined; but I did not get from your brief which particular concept you think this Committee should adopt in tackling the problem we have before us. Can you give us any help on that?

Dr. Dymond: I think you are right, Senator, that we quite deliberately did not come down on any particular concept as the desired one. We tried to indicate the various factors that the Senate would want to take into account in coming up against one.

My own feeling—and I hope it will not be interpreted as trying to escape from the question—is that one needs to have several concepts, probably, depending on what the objectives of your study are.

For example, I do not know (and this, I think, one needs to examine) how the people in the poverty group think about their own poverty; whether it really is meaningful to them to think about some national standard of living or a national real income below which you are in the poverty group; whether that is meaningful to people that are below whatever that standard is in various parts of the country in which there are very substantial differences in cost of living and in possibilities for making a good standard of living in terms of employment opportunities and so on.

From the point of view of the people affected, it might be more realistic to have regional variations in this definition of poverty. On the other hand, from the point of view of national economic policy, so to speak, and national public policy, making decisions about how much to invest in regional development or manpower policies and so on, it may be better

to have a national standard. I am just illustrating, I think, that one has to have one's objectives in mind in choosing the definition; that it cannot float free, so to speak, of the objectives of the study or of the policy you are examining. So all that we were doing here was to attempt to put the various factors and elements forward for consideration.

Senator Carter: Whatever concept you use, we know that poverty is a reality and a very hard, cold fact. We have, as enumerated in your brief, the hard-core poor; we have the working poor; then we have another group somewhere in between. In your brief you have described the programs which are being carried out, and that these programs have had a significant impact. I think you used the phrase again this morning.

Has your department studied the impact which these programs have had on the under-employed, the unemployed, and the special groups which you are trying to help? If so, how effective have your programs been; how has the impact varied in different parts of the country, in geographic regions and in urban centres like Toronto and Montreal.

Dr. Dymond: I cannot answer all of those questions from our studies to date, but I think we can answer some of them. In terms of how we are studying the impact, essentially the basic technique we are using is what is known as benefit-cost studies of the programs, and we build a model of each of our major programs. We have one now for the adult training program; we have one just about completed for the mobility programs; and we are building them for some of the other programs.

These models provide us with quite a bit of detail. You also have, as I mentioned earlier in relation to Senator Fergusson's question, a follow-up survey of what happens to the people that have been through programs, which is really the way you measure the benefits; you find out what incomes they are making after they have been through the program, as compared with what they were making before the program. This is the principal way in which we are measuring the results of the programs. You measure the cost of the program as well in relation to those benefits.

This technique allows us to determine, for example, by geographic area, by type of course in the training program, or by the area to which the person moves or whence he comes in the mobility program, by type of

person helped, their age, their family condition, etc.—exactly whether the benefit outweighs cost. We are measuring the costs and benefits both in straight financial terms and in economic terms.

Senator Carter: But you have no results yet?

Dr. Dymond: We have some just coming out that are very preliminary. From these very preliminary results, our overall impression of the training program, which is the only one for which we have detailed benefit-cost results, is very favourable indeed. The benefits run somewhere about two and a half dollars of benefits to the economy measured in terms of productivity and gross national product for every dollar of expenditure on the program measured in economic terms.

I would not want to suggest, and I would like to place this on the record, that we should make all decisions about programs and where to invest in programs and who to invest in, in strictly economic terms. This is one standard of judgment, but there are other social and human values that also must be weighed in making the kind of judgments that this data I am speaking about allows us to make here.

In the brief there is some reference to data derived for the training and mobility programs. From these studies I have referred to, I think the income of people that have been through the training course, on average, is about 20 per cent higher than before they went into the course; the income of people that have been moved is at least 15 per cent higher than before they were moved. These figures would have to be checked, but they are in this range.

Senator Carter: That does not help us very much, because if they moved to a higher cost area, they may still be in poverty.

Dr. Dymond: Yes. I am not suggesting...

Senator Carter: The poverty level, as you suggest, varies in different regions; so the fact that they have gone from A to B and their income has gone up 15 per cent, does not mean that they are 15 per cent better off. The poverty line may be higher where they are now, so the relative position is about the same.

Dr. Dymond: Yes, although that is why I say I do not think you can measure these things strictly in terms of income. I think one

needs to take into account, particularly in the mobility program, for example, that one takes the whole family to the new area, where there may be steadier and better employment opportunities. I am thinking, say, of a move perhaps within Nova Scotia, to the Halifax area from one of the outlying regions where there are not many employment opportunities. One needs to take the impact on the whole family. For example, they probably go to a better school and will be going to school longer, so the long-term impact on that family unit can be much more favourable than just this 15 or 20 per cent average increase in immediate income.

We are talking about immediate income, because we have only measured it a short time after the move to a new opportunity. I think, to a degree, the same is true of training as well; that if the family as a whole gets on to a new income plateau it may still be below the official poverty line but it is moving up the ladder, and they are in a position to advance further.

Senator Carter: You have spent, I think, \$100 million in 1968 on occupational training programs. Have you any study to show what that \$100 million has generated in increased earnings for the people affected?

Dr. Dymond: Yes, when we get more firm results in detail we will be able to indicate what, for the poverty group, that \$100 million will generate in terms of income over the long term.

Senator Carter: Yes, but you do not know what it generated last year.

Dr. Dymond: I could turn this question over to Mr. Penz, because he is somewhat more familiar with the workings of the OTA model than I am. Do we know last year?

Mr. Peter Penz (Economist, Planning and Evaluation Branch, Department of Manpower and Immigration): We have brought out data for the poor as opposed to the non-poor, only for the specific analysis which is in the paper. It has not been built into the model, so we would not be able to generate the income increases for the poor as opposed to the non-poor, not at this point, anyway.

Dr. Dymond: But that could be done in the future.

Mr. Penz: Sure.

Senator Carter: There is one thing that troubles me on page 21, where you give in

table 4 OTA expenditures per labour force member. In the Atlantic region it is \$41.07; in Quebec, \$29.59. Why is there such a great difference between the Atlantic region and Quebec, when unemployment rates in 1968 are not that much different—7.3 as to 6.5.

Dr. Dymond: Of course, the unemployment rate is only one of the variables that is taken into account. I think it is important also, when one sees any Quebec figures, to remember that we are talking about a province that has tremendously varied conditions—the Montreal complex and the western part of Quebec as compared with Quebec east of Trois Rivières.

Senator Carter: What factors would make the Atlantic expenditures so much higher than the others?

Dr. Dymond: Of course, the simplest answer is that more per labour force member is spent there. Why do we do this, I assume you are asking?

Senator Carter: Well, it is a cost, is it not?

Dr. Dymond: It is a taxpayers' expenditure that yields a gain.

Senator Carter: Yes, it is a cost per person.

Dr. Dymond: Yes.

Senator Carter: Per capita.

Dr. Dymond: It is a cost per capita to the whole Canadian taxpayers, yes.

Senator Carter: No, this is expenditure per labour force member.

Dr. Dymond: This is simply a measure—no, this is not a cost to labour force members.

Senator Carter: No, it is cost to the taxpayers for a labour force member.

Mr. Penz: But not for one trainee; it is for the whole labour force. It is the total for OTA divided by the whole labour force in the Atlantic region, not just the trainees in the Atlantic region.

Senator Carter: I see, per labour force member.

Dr. Dymond: That is right.

Senator Carter: And because the labour force will be small there, your total would be higher, is that it?

Dr. Dymond: Yes, it is the proportion of the expenditure to the members in the labour force. It is simply a way of measuring the incidence of training expenditures for each region in Canada. In other words, we are simply trying to show in this table, Senator Carter, the way in which training expenditures have been made to bear some relationship to the unemployment rate and poverty incidence. As you will see, it is not a perfect relationship by any means but a rough relationship that is involved here, and this has been a matter of deliberate policy.

How much you spend on training in any particular province depends on a great many factors; for example, the availability of job opportunities for people to go into after training. A very important factor is the capacity of training institutions—the number of teachers, the number of courses, the facilities in the area to which we send people. There is a vast array of variables that go into this.

Senator Carter: Does not your table show that there is no relationship at all between the expenditure and poverty incidence? If you take the prairies, the unemployment rate is 3 per cent and the poverty incidence is 31 per cent, and you only spend \$19.62 per labour force member.

Dr. Dymond: Although the incidence of poverty in the prairies as compared with the Pacific...

Senator Carter: I cannot see that there is any relationship there between the poverty incidence and the other two figures.

Dr. Dymond: In general, I think what the table is designed to show is that the higher the unemployment rate and the poverty incidence, the more there is spent on training per labour force member.

Senator Carter: But it is not so, because in the prairies you only spend \$19.62 per labour force member.

Dr. Dymond: But they have only an unemployment rate of 3 per cent as compared with 7.3 for the Atlantic provinces.

Senator Carter: I know, but compared with Ontario with only 3.5.

Dr. Dymond: But we are taking both variables into account. The poverty incidence is less in Ontario than it is in the prairies.

Senator Carter: Yes, not all that less, though. There is not much difference in the expenditure.

Dr. Dymond: No, nor is there much difference in the unemployment rate or poverty incidence.

Senator Carter: There is quite a bit in the poverty incidence—23 as against 31.2

Dr. Dymond: Yes, that is right, although unemployment is less, as I say.

Senator Carter: Yes.

Dr. Dymond: I am not claiming here that there is a perfect correlation. I am claiming there is a rough correlation between these factors.

The Chairman: Senator McGrand.

Senator McGrand: On page 8, near the bottom, halfway through the last paragraph, you say:

"If capital would move to areas of labour surplus and technology absorb occupational surpluses, the structural imbalances would be resolved on the labour demand side. However, capital and technology have not proven to be responsive to labour surpluses..."

I do not understand the full implication of that remark. Capital will have to be very flexible and very mobile, and not necessarily of a permanent nature, if it were to move in and out of these areas of labour surpluses. I am not clear on that. Would you clarify that a little?

Dr. Dymond: I think the remark really relates, although it does not say it as such, to long run, persistent labour surpluses as exemplified, say in the Atlantic provinces and the eastern parts of Quebec. The Capital has not moved in terms of developing industries and employment opportunities to these areas. Particularly, it has not been responsive to the presence of large labour surpluses in the long run, even though wages have been relatively low in money terms, though not necessarily in real productivity terms and, presumably some people might argue this should attract some capital.

Senator McGrand: The success of industry depends on something more than a surplus of labour in a given area.

Dr. Dymond: I should make clear that I am not advocating that this would be the desired

resolution of the problem. It is simply an observation on the nature of the problem; it is not advocacy of a remedy for the problem.

Senator McGrand: I think if you said "if labour could..." not "would"; that "if capital could be more...": it is the difference between "would" and "could".

Dr. Dymond: Yes, it is simply to observe that one theoretical solution, if I can put it that way, to the problem of labour surpluses and structural imbalances, would be the adjustment of capital and technology which, as everyone knows, has not happened; so most of the burden of the adjustment is taking place through manpower policy, through re-training people, through moving them and that kind of thing.

Senator Carter: What you are saying is that the incentive programs have not worked.

Dr. Dymond: I would not want to be on the record in that respect, senator. But, leaving the incentive programs aside, certainly without them there is not much resolution of the labour surplus problem.

My own view, from observing them, would be that they make some contribution to resolving the labour surplus problem, through the movement of industry and capital and technology to the labour surplus area. I do not think there is any doubt about that. They have not resolved it completely; they make a contribution in that respect.

The Chairman: Senator Pearson.

Senator Pearson: I was just wondering, on the question of your training in your technical schools: You have a great many schools across the country where you train them, and I understand that there is a number of industries who train employees as well, that is, they take on apprentices. Would it be possible to, or do you work with these industries through your technical schools, to set out a certain number of people that are needed for their particular type of industry?

Dr. Dymond: Not exactly. We buy training that takes place in technical schools.

Senator Pearson: What do you mean by "buying"? Buy training—yes.

Dr. Dymond: We buy and pay 100 per cent of the cost of the training.

Senator McGrand: Yes.

Dr. Dymond: Of classes that take place in technical schools or other institutions run by the provinces or school boards or municipalities. The people that are trained, in turn, go into industry.

Perhaps it would be useful, and since you have heard my voice for quite a bit, for me to ask John Meyer if he could explain how the training-in-industry part of the OTA program works, and the apprenticeship part of the OTA program; because I think that would be a complete answer to your question, Senator Pearson. Perhaps you could indicate how the training in industry and apprenticeship programs work.

Mr. H. John Meyer, Acting Director, Programs Branch, Department of Manpower and Immigration: I will start with the apprenticeship training, Senator Pearson. Apprenticeship, in the first place, is controlled by provincial legislation; the whole indenturing process and eventual certification of journeymen is controlled or governed by provincial legislation. Our contribution to this process is the purchase of training, the school-based training part of it.

Apprenticeship training has two basic components: the school-based training component which varies roughly from eight to twelve weeks a year and from three to five years for the total program; and then of course a supervised, on-the-job development program, which is completely supervised by the provincial authorities.

Senator Pearson: Are the students at the training or technical schools in touch with industry through you as to what position they might get when they are through or when their term is up are they just thrown out into the world and told: "Go ahead, find yourself a job"?

Mr Meyer: This varies from province to province, senator. In many provinces young people find employment in industry—the construction industry primarily, because this is the area in which most of the apprenticeships have been developed. Through contacts with provincial officials, and so forth, these people become indentured; in other words, they make an apprenticeship training contract with their employer. In many instances the employer will be the liaison person; in many instances it will be the union. The unions, in most of the provinces play a fairly active role, and, among other things, determine the

ratio between journeymen and apprentices that may work in any particular job. Because of this, the total number of people taken in is fairly well controlled.

The involvement of our department is fairly limited, except for the purchase of the school-based training. In some provinces pre-employment training is being offered, which for the student means, in essence, training on "spec" because he does not know with any certainty that he will be indentured upon completion of training. In those instances we maintain a fairly close contact with the provincial apprenticeship authorities and the larger employers, in order to ensure that there is reasonable balance in the number of people we take into the industry permanently.

The other element, which is, in essence, another form of training in industry, is the direct training activity carried out within the confines of the industry. We must differentiate between on-the-job training—which in essence means putting the man on the job he has to do and supervising what he does and, by close supervision, improvising his skill; as opposed to what you might call vestibule training, which puts the employee in what amounts to a classroom training setting, except that the facilities are being provided on the premises of the employer.

The nature of the program is very similar in most instances to the type of training that is being provided in technical schools, vocational schools and what-have-you.

Senator Pearson: Thank you.

The Chairman: Senator Quart.

Senator Quart: Mr. Chairman and Dr. Dymond, since I made a statement at one of the previous meetings which was somewhat derogatory of Manpower, I feel justified in asking a few questions, and incidentally I did read the brief as a sort of self-defence.

First of all, Senator Fergusson asked a question about the abolition of poverty which naturally arises in the level of demand, and you answered that.

What happens to the individual who refuses to be re-trained? I think it was Senator Carter who mentioned that 240,000 were in training under the OTA, and I am not quite sure if I got the answer as to what proportion of the total number of unemployed this represents.

Dr. Dymond: I would be going from memory. Maybe John Meyer could correct me. Of

course, not all people that go into training come from the unemployed. That proportion would be about 44 per cent that are unemployed.

Senator Quart: Does your department take people for training who are not unemployed?

Dr. Dymond: Yes, under the apprenticeship part of it, many of them are not unemployed.

Senator Quart: I see; I did not realize that.

Dr. Dymond: Also, many people that come into courses, come rather directly from a low-productivity, irregular kind of job, into training, to get a better, more productive, higher-income job.

Senator Quart: What happens to the individual who refuses to be retrained? Will his unemployment insurance benefits be cut?

Dr. Dymond: No, there is no compulsion in our kind of society with respect to anyone being required to take training. Their unemployment insurance benefits are not cut.

I think it is the belief of many people in the training business that there is not much point in people going into training unless they are reasonably motivated; they are not going to learn anything, they are not going to acquire skills, unless they put a lot of their personal energy and initiative into it. This is particularly true, I think, of adults as compared with school children, although I expect it applies there as well.

Senator Quart: Is there any counselling service for these applicants for jobs, or anything which would help them to be re-trained; and then in the event they would not accept, would there be any pressure brought to bear on them?

Dr. Dymond: No, I think it is a process. Counselling is certainly an important part of the process by which people get into training under our auspices. In other words, when a person comes in, our counsellors examine and discuss with them their employment problem. If there are good jobs available that they can take, then they are referred to employment; but if there are not jobs available for them because of their occupational qualifications or lack of skill, or their low educational standard, then they are counselled in terms of what the long-run outlook is for them if they do not acquire better occupational qualifications through training. Many, many people are identified and go into training through this kind of counselling process. Other people,

of course, come along on their own initiative, who feel that training will help them find a better place in the labour force. Some of those are taken into training; others are not because they do not fit the criteria, or because there are other people who need training more at the particular time. So counselling plays a very large role in the identification of who goes into training.

Senator Quart: I should think so, yes. You mention on page 20 that about 70 to 75 per cent of those trained pass the course, but what about the other 30 per cent? I think Senator Pearson mentioned something about that. Do we just let them take the course over and over until they are successful?

Dr. Dymond: No. I would like to have John Meyer say a word on this. Many of the people who drop out of training leave, of course, for employment opportunities that they learn about on their own account, which they do not want to pass up just because they are in a training course; so many of these people go directly into employment before completing the course—not all of them. Some of them drop out and remain unemployed; they do not have the will and motivation to stay with it. If they drop out before completion, particularly to go into better employment than they had before they came into training, or into employment related to the course they are in, we do not regard that as a loss in any sense. They would probably be better off if they completed the course, but it is by no means all loss. Many of them are much better off than they were before they went into training, even if they only get halfway through it. I think it is a loss if they drop out in the first few weeks, obviously.

Senator Quart: Since they receive \$96 from OTA and \$37 from UIC, would it be possible that they find it more profitable to fail?

Dr. Dymond: They do not get both UIC and training allowance.

Senator Quart: It was my mistake, then. Senator Carter brought up the point that your OTA program cost \$190 million in 1968-1969; and you mentioned, I believe, or it was in the brief as well, that 240,000 people benefited from the program. However, I also notice that it cost \$792 each to train these people for a year, so if they went on for several years it would be very costly.

I happen to have had this sent to me. Incidentally, I have had quite an amount of cor-

respondence from various people supporting some of the things I said, thank goodness. I read this business about the welfare recipients being required to work, and I received that just this morning on my desk.

Is there ever any arrangement whereby the trainees—and especially those, as you mentioned, who are not exactly in dire poverty, but others—are required sometimes to pay back some of this, if possible?

Dr. Dymond: No, we do not have any policy or plans in that respect. I think, on average, as I indicated in answering Senator Carter, according to our pretty detailed benefit-cost model, the economy is getting back somewhere between two and a half to three dollars worth of benefits in terms of increased productivity and gross national product for every dollar of taxpayers' expenditure. These are averages, of course. Individual trainees who do not complete the course or who get into the wrong course, or for any number of reasons, may have more spent on them than they contribute as individuals; but from the taxpayers' point of view, in terms of the figures I have cited, we regard this as a very good buy indeed.

Senator Quart: Yes, I am sure it would be.

Dr. Dymond: We would not have any plans in this respect whatsoever.

Senator Quart: Then you mentioned your Halifax outreach project, which I do not know very much about, but which seems to have been very rewarding; but somewhere you mention that you engaged local firms or hired the unemployed to do the work of Manpower employees, and this has proved successful in Halifax. Has it only been in Halifax that you have done this?

Dr. Dymond: No, I might ask Miss Sims to say a word on this. She has done some evaluation of the Halifax outreach. It was rather a special project, and I think we may be doing more along these lines.

Miss Valerie Sims, (Planning and Evaluation Branch, Department of Manpower and Immigration): The idea in the Halifax project was to try to reach a part of the population which had not had, prior to that, very much contact at all with public programs. In order to do this, we deliberately engaged what we call field officers from among the local people in the neighbourhood, most of whom were unemployed at the time; but they did not do

the work of Manpower counsellors. They spent most of their time going out to the people in the neighbourhood, and making contact with them, acting as a bridge between these rather alienated people and the Manpower office which was supervised by professional Manpower counsellors.

In the Halifax experiment there were ten of these field officers, and it was very successful, to the extent that the type of persons that we were able to engage in the neighbourhood to do this work were very well accepted by the population, and they did not intimidate people because they could speak the same language.

Senator Quart: That is one of the reasons I asked.

Miss Sims: I think, as an experiment, we were satisfied that we could reach out to formerly unapproached groups using this method. We are examining it now, and it has not been repeated elsewhere in quite the same way, but it is certainly one method that we would take into consideration.

Senator Quart: The local people were probably more sympathetic to them, and they probably knew more about it than some people coming in fresh from other areas.

Miss Sims: Yes, in some cases they knew them, and they could walk past the office and see them sitting in there.

Senator Quart: Supposing I am an unemployed person. I go to Manpower and I want a job as a cook, or whatever. You register me, do you not?

Dr. Dymond: Yes, usually.

Senator Quart: You register me and keep my telephone number and the address? You are quite sure they do that?

Dr. Dymond: I think that is the standard procedure. I would not want to swear that it happens in every individual instance.

Senator Quart: It would seem to be the logical procedure, but I would just like to know if it is carried on.

Then suppose you are the employer, and you apply to Manpower for a cook—and incidentally, I am no cook. You are very lucky if you hear from Manpower again, and I can prove that. To a great extent, of course, the exception may prove the rule, or vice versa, but I am just talking from my own experi-

ence. You want a cook, and then someone in Manpower—and I could mention a few names—will give you the name of this cook, and obviously they must tell the cook to go and apply to you. In the meantime, you have heard nothing. I probably feel that I am not too sure if I want to go to you, but I do not tell Manpower that I am not going, and I finally get a job somewhere else. In the meantime, you are sitting there without one word from Manpower.

This has been our experience this week, because the only answer we received from Manpower was that somebody had been sent but they could not remember the name or anything.

Do you not think that if Senator Fournier, for example, wants a cook, Manpower should say: "I am sending Jose Quart to be a cook". Her address is this, and this is her telephone number—if she has a telephone number; so that there would be a continuity in it all.

Dr. Dymond: I am not an expert on detailed procedures at the Canada Manpower Centre level. I would like to ask John Meyer to answer.

Senator Quart: That is where all the complaints are. If any of you wish to come to my office, I would be very happy to show you the number of letters I have received from various associations following that rather silly statement I made regarding a woman's club. It just took fire. Again we tried. Senator Ferguson was there Saturday afternoon at this place, but I was not, because I could not go; but I questioned the party who is running this house and she said she could never get any satisfaction, although they are looking for a replacement. Something is wrong somewhere.

When the manager of this club said to Manpower on Friday: "We have not heard from you", he said: "Do not blame us. We send these people to you". How do we know? For three weeks we are waiting and we do not know. There should be some system somewhere surely?

Dr. Dymond: To close that gap.

Senator Quart: I do not know anything about this business, but I have just had a little experience in the case of the club. Do you pay for your advertisements in the paper?

Dr. Dymond: Yes, I think so.

Senator Quart: Do you think it is necessary to advertise to find employment for engineers today, big ads like this? I have them in my office.

Dr. Dymond: You mean ads for engineers...

Senator Quart: To find employment for engineers.

Dr. Dymond: In some categories it is necessary, yes. There is quite a dearth of employment opportunities, certainly not for engineers in general, but in some specialized categories.

Senator Quart: Again, I am thinking of the poverty angle, and the case of a person who applied to your Manpower office here to do dressmaking. Another person wanted some repairs done on certain things, but they did not have anybody on the list. However, through the grace of God rather than efficiency, some of them got together.

I myself phoned over to the office, and spoke about student placements. I wanted to find out the office in Montreal. I was told you have seven branches in Montreal, and I asked where I could find out their location. I was told to phone the manager—and I have all their names—of the central office in Dorchester East and he would tell me the seven offices. Why should I phone? The Aluminum Company or any of these firms would tell me. Surely the government, which is the biggest business in Canada, should know where their branches are in Montreal?

Dr. Dymond: I would hope so.

Senator Quart: I hope so, too. These gentlemen were all so nice, you have no idea, and the honey was poured on; but why should I telephone down to Montreal to find out where the seven branches are?

Then I said who I was, and he said: "I will phone for you". I said, "No, we have a direct line. I can phone now. Why waste your time to phone me back".

Regarding your student placements, have you had all this success that the press release indicated—10,000? Private agencies have given it up, and they have left it to you people now, and quite a number of the students are unemployed.

Dr. Dymond: I would not say, on student placement, that we would succeed in placing all the students that are looking for work.

There just are not that many job opportunities available.

Senator Quart: I know, but in the press release that we got it was 10,000 you hoped this year. It came to my desk. Again, that was tried, but through a private agency in Toronto—I do not know the student but her mother wrote to me—I heard they would give it up because of the government intervention, and they were not bothering now about it—but still that student was placed by the private agency just as a service, and she is now working.

Dr. Dymond: I would not have any objection to that at all.

Senator Quart: Neither did I. I was delighted.

Dr. Dymond: I think we encourage that.

Senator Quart: I was delighted, but the agency had abandoned this now because of your Manpower student placement groups. This is constructive criticism, believe me.

Dr. Dymond: It is very helpful to know.

Senator Quart: It is very constructive criticism, and if you can get me a pantrymaid at this moment, the manager of our parliamentary restaurant has been the one who has supplied this woman's club with personnel for maids and pantrymaids over a period of two years since I have been here.

On the houseman, I said it before here, and I was expecting you were going to come in with machine guns, but I am ready for you, too.

The thing is we had to get some Canadian legion, and we telephoned to the centennial service for students, to replace people, and this is only a little staff of seventeen.

Dr. Dymond: As a generalization, I think it is certainly true that there are not many people in Canada who are interested, from our experience, in working in the domestic field. This is certainly one of the most difficult fields. There are continuing shortages in that area, of people to fill jobs in that particular sector. That is a shortage sector, because people are just not interested in working in it.

Senator Quart: Believe me, it is just from a commonsense approach, and I have no business or professional experience other than being a busybody, but, as a busybody, I think at least you are face to face with facts.

These people that come and apply for these jobs, instead of using the taxpayers' money to put advertisements in the paper for engineers and I do not know what other professions; I have seen some of your ads and they have been sent to me. I did not see them myself but they have been sent.

Would it not be possible to put a list of those people who are certainly poorer than engineers, or who need work more than some of these who can get it for themselves: what about putting a list of them in the paper; a daily list saying: "We have available this and this—cook, chef, or something".

Dr. Dymond: I think it may be a good idea to try, certainly. I think, just to comment on the advertising for engineers that, as I said, in terms of the objective of many of the departmental programs, they are to contribute to productivity and economic growth.

So the reason we advertised for engineers—and, indeed, the reason the immigration program is so active in selecting people in shortage categories—is that that when employers' jobs go vacant, with the employer losing production, the whole economy is; and that is why we are so extremely active in trying to reach out and secure from any quarter, through advertising and every other way, people to fill particularly the shortage jobs.

Senator Quart: But would you not agree that the person who is wanting to engage an engineer would be able to pay for it himself, if he is really up against it, instead of the taxpayers?

Dr. Dymond: I think we are offering a service to employers as well as to workers. I think the answer to your direct question is, "yes", that most employers can probably pay for ads, but I think in terms of the Canada Manpower centres providing service to employers, if they provide good service to them, say, with respect to engineers, then they will get their business on a lot of other fronts to open up jobs for people whom we have real difficulty in placing. In other words, as I was explaining in my brief, there is a step-by-step effect here, and if you fill one job at one point up the ladder, you open up jobs down below and so we are very interested.

Senator Quart: Thank you very much.

The Chairman: Doctor, if someone walks in to the office, is there a bulletin board or

some place where he can see what job opportunities are available that particular day?

Dr. Dymond: No, there is not. He would have to go to one of the counsellors to find out what opportunities were available in his line.

Personally, I think—and we are looking at this—that some experimentation along this line is well worth trying. They do this in Sweden, we know. They post lists in the offices of the available jobs in the locality, and people can go in and look at those jobs and then go to visit employers that have those vacancies, without any intermediary, so to speak, by way of employment service. This may be a pretty efficient way of doing it.

Senator Quart: May I just ask one more question. For your records, if you place someone for a week do you consider that a placement for your numbers of those placed for the year, or is there any follow-up or anything?

Dr. Dymond: Yes, certainly we keep track of the placements and count that as a placement in our placement statistics. This is one of the reasons why, in terms of measuring the activity of the employment service or its contribution, placements as such, while interesting, are not the only statistic to look at; because it mixes up people that are only placed for a day or half a day with people that are placed for a lifetime. I would like to ask John Meyer if he knows, because I am not sure on this point and I think it is an important point that Senator Quart has made in terms of the centre informing the employer that someone is referred to him who does not show up and he does not know where he stands. I think this is obviously a very inefficient and bad position in which to put the employer. While this can happen certainly in any organization, I just do not know what the standard procedures are myself, and I was wondering if you did, John?

Mr. Meyer: There is not an entirely standard procedure in this respect. Particularly in the lower skill occupations, oftentimes the Canada Manpower centre receives a call for 20 construction labourers and "Just keep sending them until we phone you that we have enough". On that basis we just keep sending everyone that walks in the door that seems to meet the basic criteria.

If the situation is somewhat more selective, then the normal procedure is that the man-

power counsellor who deals with the need of that particular employer will refer people, and then phone the employer or his personnel man, saying: "I have sent three people with these characteristics to you. Would you please let me know whom you hire."

Senator Quart: That is quite normal.

Mr. Meyer: Yes, it is.

Senator Quart: We would be delighted to let you know whom we employ.

Mr. Meyer: If it is a particularly conscientious counsellor, he will phone a week later to determine whether the employee worked out all right. This is the normal procedure, but we have about six thousand counsellors in the field.

Senator Quart: Yes, you mentioned that.

The Chairman: Mr. Meyer, there was one question Senator Quart asked about the percentage of people trained who are unemployed, and you were getting some figures. Have you got those?

Mr. Meyer: We have some figures on the basis of the sample that was taken last fall, which Dr. Dymond referred to, and this seems to suggest that it is about 50/50.

The Chairman: What is about 50/50?

Mr. Meyer: The employed and unemployed before training, for males. It is about the same for females.

The Chairman: Explain the meaning of that, will you, please. Take a minute to explain what you mean by your answer.

Mr. Meyer: Of the total number of people placed in training (and this is based on an admittedly somewhat small sample) roughly 50 per cent were employed at the time that they were placed in training, and about 50 per cent were unemployed at the time they were placed in training.

Senator Fournier: My question is something in line with Senator Quart's remarks. On page 17 of your brief under (b) "the employment service", you mention your whole set up of 369 permanent offices, including 54 campus offices, and a hundred seasonal, temporary and itinerant offices. It looked to me as though you are pretty well organized across Canada.

I have a very simple and elementary question. Why is it so difficult for a Tory to obtain

a job in your department, and especially the students. I am a little serious about that.

Dr. Dymond: I suppose the facetious answer might be, senator, that they do not have the qualifications of skill and education.

The Chairman: Let us get on to the second question.

Senator Fournier: I would like to have an answer to the first one, because it is a problem, and I am drawing this to your attention. I am going to give you a little example.

Dr. Dymond: I should say that we have operating instructions that are quite clear on the point of no discrimination in referrals on any grounds, of age, sex, race, religion, political affiliation, etc.

Senator Fournier: I called for a carpenter for a week, and I wanted Joe Brown because I knew Joe Brown who is a good carpenter. I called the Manpower office and I said: "I want Joe Brown". They said: "No, you cannot have Joe Brown. You can have George Smith". I said: "No, I want Joe Brown". They kind of got mad and said: "You know, we have to place our own people first". There is your answer.

Dr. Dymond: I think I would hypothesize that the explanation for that is that we have, again, a standing policy to refer the best worker to the employer that is available at any particular time; and to refer those, everything else being equal in terms of the best worker available, that had been registered for the longest time, that have been unemployed. In other words, if there is selectivity in referral, it is in relation to the best workers available and, among the best workers available, those that have been registered for the longest time with us because they are presumably in most need of referral to an employer.

Senator Fournier: You are giving me a very smooth answer, for which I thank you very much, but which I do not agree with.

Senator Carter: I would like to supplement that. On numerous occasions I have tried to place people, gone to Manpower with people I want to place, and eventually I find out that somebody else who has come in later got the job. When I go back to find out why, they say: "Well, the employer requested this man". That gave me the impression that if an

employer requests a specific person, the person requested gets priority because he has been asked for. My experience is quite the opposite to what you have just said.

Dr. Dymond: I must ask John Meyer again on the operational procedure. Of course, personally I find it puzzling, because if an employer wants a particular man, I do not see why he should not go out and approach him directly and hire him. He does not need to come through our offices to do that. If he has a particular person in mind, there is absolutely no point in coming through our office. John, do you have any light on this procedure?

Mr. Meyer: I suppose the only light we can shed is that we have six thousand counsellors in the field and there are bound to be some who do not adhere to the instructions as closely as the vast majority, I am sure, do.

Dr. Dymond: But what is the procedure? Is it as I described it on referrals?

Mr. Meyer: Yes, essentially it is a matter of oldest registrants first referred to a position.

Senator Carter: It is not your policy then to give preference to an applicant who has been specifically asked for by an employer?

Senator Cook: What has that to do with poverty, anyway, Mr. Chairman?

Mr. Meyer: This we do under certain circumstances, namely, where it is a matter of seasonal lay-off and recall, and where hiring is being handled by the Manpower centre. In other words, particularly in the construction industry, people are laid off in the fall before Christmas, and construction starts up again in March or April; and then the contractor will place an order and specify the people that are to be recalled.

The Chairman: That is normal. Let us get on with the basic theme.

Senator Fournier: I will not ask him any more questions. There are a lot of things I do not agree with on counselling. I think I have had occasions to mention on many occasions the counselling done by Manpower. As you senators know, I spend most of my time in education, and I am confident that Manpower was not ready when they took over the counselling. On many occasions counsellors have directed these young boys into the wrong

training, and after receiving one year of training they find out that they cannot find a job; they go back, and they are sent to a second course, and we have people taking a third training through the advice of the counsellor. I think there are a lot of mistakes all the way. Somebody is taking advantage of this weakness in the system. In the meantime they are living through public assistance and public funds are paying for their training. Some of them are not interested in any trade at all, but they will go as long as the system permits, and then they will fall on relief again.

Another thing that I do not quite agree with is the break which you have in education. If a young boy goes to school and his parents can put him to school without any assistance, he does not qualify. I am not talking about rich parents, but working parents within the six or seven thousand dollar bracket, and when they have a boy at university level of education it is a burden, because it takes at least two thousand dollars. The parents want to keep this young lad at school without any break, but he does not qualify for any student loan; he does not qualify for vocational assistance, he does not qualify for any assistance. However, if he breaks school at Grade 9 and takes a year off, lopes around street corners and wastes a year, when he goes back the door is open. He can call on vocational training, he can call on all kinds of assistance to carry through his education.

I do not quite approve of that, the young people being able to break their education and waste a year, and then come back for more advantage.

Like my friend here, I feel that we are not dealing exactly with poverty this morning, but when it comes to manpower training, I do not think poor people are really getting the assistance that they should. The poor man who goes to Manpower is usually of low education and has not specialized in any trade. He is just an average man who is not qualified for anything in particular, but he is a family man and he has to live the hard way.

Your counsellors first ask him his education and his ability, and go through this formula which you might expect possibly for average or above average people, but these people are below average. I do not think much is done, but they just fill in the forms. In many occasions the poor people cannot even fill in

the forms themselves, and they are just asked questions. The form is filled in, it is put aside, and the man is forgotten.

I think these are the type of people that we should try to do something with.

The Chairman: Let us have some answers now.

Dr. Dymond: On the question of the gap that Senator Fournier referred to, we have this one year break between school and training under the federal program, and people do not get allowances at the one year break. We will buy training for them, but they are not entitled to an allowance with the training unless they are three years out of school. It is to prevent just what you were talking about, senator, so that our programs do not attract and pull people out of the school system; because our strong belief is that they should continue in the school system just as long as possible. That is the reason why we have this one year gap before we refer anybody to training, and the three year gap from the school system before they are eligible for allowances. The only qualification to the three years is if they have dependents, and then they are in the same kind of position as an adult.

Incidentally, as I am sure you are aware, we have been subject to a great deal of criticism for that particular policy, but it was deliberately designed not to pull people out of the school system.

On the question of people taking multiple courses, we feel that in certain circumstances this is quite desirable; certainly, at least to put them in basic training for a skill development course, that is, educational upgrading, which might go on for a year, and then put someone into a skill or an occupational training course so that they will acquire an occupational skill for the labour market. Many of the occupational skills cannot be acquired unless you have some basic education, say, at the Grade 9 or 10 level in some of the basic subjects, such as maths and sciences. So you can find a good many examples—and it is quite appropriate—of people taking more than one course.

Of course, it is difficult to screen people out sometimes, although the counsellors make the decisions and they make them in terms of who are going to be most successful in taking these courses and learning the trade or acquiring the knowledge to get a better job.

However, certainly there is pressure, particularly in certain parts of the country, for people to go into these courses for welfare reasons because the allowances have been made very attractive, quite deliberately, to support people at adequate levels in those courses, and to ensure that they do not leave the course before we are successful in giving them a new skill. I think those were the main points.

The Chairman: Yes. Senator Roebuck.

Senator Roebuck: Dr. Dymond, I think perhaps you gave an inadequate answer to Senator Fergusson when she asked you whether the existence of employment would cure the poverty problem, and you said "no". Of course, that is true, but I do not think you went far enough to make an adequate answer to it.

We in this committee are charged with the study of the whole problem of poverty, and I see the field divided into three great classes. First, there are the class of people who are unable to support themselves—the widow with her children, the halt and the blind and so on, those who are incapacitated, of whom, of course, we will always have to take care. Then there are those who are out of employment because no jobs are available.

I have before me a digest of a statement made by Bob McCleave, Member of Parliament for Halifax, and I see that in Prince Edward Island as many as 68 per cent of the entire labour force is within the classification of wages of \$4,000 and less; that in the Province of Ontario 40 per cent of the entire labour force is paid less than \$4,000. How much less we do not know, but undoubtedly a considerable portion of that 40 per cent of the labour force is paid below the poverty line, so that we have a very large portion of our labour force being paid wages so low that they are below what we think of as poverty in a general way—say \$3,000 or some figure of that kind. Of course, I know that varies as to whether there is a family and all the rest of it, but I am only speaking generally. We know there are a lot of people employed who are below the poverty line, and we know that of our own experience.

Is it not perfectly obvious that wages in these lower brackets are regulated by competition, and that the competition of the unemployed seeking jobs that are not available is responsible for the very low wages paid in some divisions of our employment picture?

I mentioned three divisions: one, the incapacitated; two, those who cannot get employment because there is not any employment for them. The third are those who do not want to work, and we are not interested in them. "If any would not work, neither should he eat".

I am very much interested, however, in the economic situation and the very large number of unemployed people that we have because there are not the jobs for them. I thought you skimmed over that rather lightly. This is the big factor in my mind.

How many unemployed have we? What are the figures at the present moment in Canada, do you remember?

Dr. Dymond: I think the figure runs around 4.3 to 4.5 per cent on an annual basis at the present time.

Senator Roebuck: I think it is up to 5 per cent now.

Dr. Dymond: Yes, it will be a little higher at the beginning of the season. Do you know exactly, Peter?

Mr. Penz: In the last month published it was 4.3 per cent. In the last three months it has been coming down from around 4.8 to 5 per cent.

Senator Fournier: How many hundred thousand?

The Chairman: There are 7,200,000 people in the labour market?

Dr. Dymond: 300,000 or so.

The Chairman: Three hundred or 350,000.

Senator Roebuck: I am very much concerned about those people who are actually working and who are paid such wages as to be in the poverty classification, and I attribute that very largely to this large number of unemployed people to whom you cannot offer jobs.

I know your interest is in your own field, that is finding jobs and offering them, and your memorandum is limited in that way to your own particular field; but at the same time the broad general situation which I have tried to make clear has a large influence upon your work, and the problem we must face is what we are going to do about it.

The Chairman: What do you say, doctor?

Dr. Dymond: I think, as I indicated in the brief, Mr. Chairman, that certainly the question of the level of unemployment and underemployment, casual work, and people not employed on a full time basis, is intimately related to the strength of demand in our economy, which in part is related to the operation of fiscal and monetary and other general economic policies of the government. The thing that is inhibiting in terms of pushing employment up too high and thereby reducing unemployment and its impact, as the senator suggests, on the poverty situation, is the kind of inflationary pressures that result from pushing up demand too high in our economy.

The role of manpower policy essentially—a better employment service, re-training, moving people, and all of the things I have mentioned—is to make it possible to push against demand harder and thereby reduce unemployment, to make the manpower side of our economy function more efficiently, and to make sure there are not labour shortages. Then you can push harder to move people from where they are available to where the jobs are; then you can push harder and get a better trade-off, as the economists call it, between unemployment and inflation.

Inflationary factors, of course, have very big impact on the poverty group, particularly those elements in the poverty group on fixed incomes that do not rise along with prices. So you have a balance and a difficult kind of trade-off problem here to contend with.

The Chairman: Just while you are on this point, for as long as we have been here—and the senators have been here a long time in and out of Parliament—we have heard from people like yourself this same story: "You can have high employment and inflation, or you can have unemployment without inflation". I have heard that for 25 years, and you are repeating it again today. Have we not learned anything in this time, through all these years?

Senator Roebuck: Is there anything to do rather than destroying the dollar?

Dr. Dymond: I think we have not learned how to eliminate this problem, there is no question about that. I do not know that we ever will, in a sense, but I think we can moderate it and have to some degree, though I would be the last to claim that the performance is very good in this respect; I think we have to make a lot more gains in being able to have lower unemployment without in-

flation than the past record in this country suggests.

I think one of the important roles of manpower policy, as I have said, is to enable us to get a better relationship between inflationary pressures and unemployment. I personally think that on social grounds $4\frac{1}{2}$ per cent unemployment is not a desirable level, or even on economic grounds. The question is how to get, say, a 3 per cent level on a consistent basis without a 4 or 5 or 6 per cent price rise every year. I think we are learning something about how to do that, but I would agree with the tenor of your intervention, Mr. Chairman, that we are not learning very fast in this respect and we have not made very much progress really.

The Chairman: Doctor, we are dealing with poverty now, because inflation steals from the poor.

Dr. Dymond: Right.

The Chairman: Other countries have made better progress than we have in that respect. I am not speaking of the United States, but Sweden, for instance.

Dr. Dymond: I think I might ask Peter Penz to comment on this one, because I know he prepared some notes on where we stand in terms of international comparison on this question of the inflation and unemployment trade-off.

The Chairman: Then let us have it.

Senator Roebuck: Australia and New Zealand have both made progress, New Zealand particularly.

Mr. Penz: I do not know anything about New Zealand. On the whole, the United States and Canada have tended to be different from European countries in two respects. First of all, both those countries have tended to have lower inflation rates than the European countries, and considerably higher unemployment rates. I am talking about averages over something like ten years.

On the other hand, we have also tended to have a somewhat worse trade-off position. For example, Germany, with the same inflation rate as we, would probably have a significantly lower unemployment rate.

As far as Sweden is concerned, it would be less so; it would be much closer to our conflict situation, that is, that they would have somewhat less of a conflict between unem-

ployment and inflation, but it would be pretty close to ours.

On the whole, the important difference, I think, is the fact that they have accepted higher inflation rates in order to get lower unemployment rates.

Senator Roebuck: How do you relate one to the other?

Mr. Penz: Why is it that there is this conflict?

Senator Roebuck: Yes, the lowering of the value of the purchasing unit, in our case the dollar—how do you relate that to greater employment?

Mr. Penz: How that comes about, that price stability leads to high unemployment and low unemployment leads to inflation?

Senator Roebuck: I thought you were reversing it, that the lowering on the purchasing power increased employment. I want to know how you relate one to the other.

Mr. Penz: That is right. What tends to happen, we tend to have the type of situation where we have both vacancies and unemployment in the economy existing at the same time. It is characteristic that unemployment does not push wages down significantly; wages tend to have a downward rigidity.

Senator Roebuck: You are speaking of wages in money, are you not?

Mr. Penz: That is right.

Senator Roebuck: Not in purchasing power.

Mr. Penz: Well that tends to affect purchasing power, because if your wages go up that increases your labour costs and that will increase your prices.

Senator Roebuck: Yes.

Mr. Penz: So that is the relationship from wages to inflation. On the other side, the vacancies tend to generate an upward pressure on wages, because employers start bidding for workers, and they push up their wages. At the same time it is easier for unions to push up wages. So there is this so-called demand-induced inflation which occurs largely when we have high vacancies.

On the other hand, this pressure on inflation through wages is less when there are fewer vacancies, which tends to be at the

same time as when there is high unemployment. That is why you get a situation where, with no unemployment, you have high inflation and the reduction of the value of the dollar; and, alternatively, with high unemployment you get greater price stability.

Senator Carter: That is only true when wages run ahead of productivity, is it not?

Mr. Penz: That is right, but this is liable to happen when you have great demand pressures, when your demand pressure is such that your capacity to produce does not keep up with your demand pressure.

Dr. Dymond: I think money wages generally in the Canadian economy tend to out-run productivity advances.

I think that one thing that is at issue here, Mr. Chairman and senators, is that the Canadian economy and the Canadian labour market seem to be of a character that they throw up persistent higher levels of unemployment, and you have vacancies at the same time, when the economy is under the pressure of growth and demand; in other words, with our regional disparities, with population increase and labour force growth outrunning industrial development and the creation of employment opportunities in the eastern part of the country and in slow growth areas throughout the country, this means that we have quite a capacity in those regions for generating unemployment without an equivalent capacity to get those people into employment. So we carry, because of regional disparities, a good deal higher volume of unemployment on a continuing basis than many other economies that are smaller and are not so spread out, where the labour market is much more concentrated; and therefore, for given levels of demand pressure and hence wage price pressure, because of that situation we tend to have a good deal less favourable trade-off than a much more concentrated economy like the United States.

Senator Roebuck: Would you not say, along the lines you are speaking there, that the ratio of employment to the population is influenced very largely by the adequacy with which the natural resources of the country are utilized? If industry is active, the price of natural opportunities is low or lower so that there is a profit to be made, you will find your labour force is being called on and is active; while if the reverse conditions exist, you will find a very large amount of unemployment.

I think this question of money can be over-estimated. I see one factor that does make for employment. As the price value of the dollar decreases, it makes the price of an opportunity for work go down in actual value. Money may stay the same, but the purchasing power of the money decreasing means the natural resources are more easily bought; and the first thing you know you have got a rising economy.

There is, in my judgment, some relevancy between inflation and the use of your natural opportunities for work. I think my young friend was confused when he is speaking of inflation, which I think he was talking of at one time as increased prices. There are two things there in inflation. One is the decrease in the purchasing power of the dollar, and that is what I consider inflation, in the meaning of that term. Of course, as money goes down, prices go up. Prices may go up without money going down, but when money does go down prices go up; and when money goes down the price at which natural opportunities are held becomes more easily purchased. So when in period of inflation you find an increase in the activity, it is as a result of that lowering of the price of the natural opportunities which industry can use.

It is a big subject, I know, but you people all avoid it and you are in this business of poverty and employment and so on, and I think you should be better informed on it.

Mr. Penz: I recently read an article by Professor Bodkin at the University of Western Ontario, and he actually feels that inflation may improve the profit prospects of investors and of entrepreneurs. I presume this is what you are talking about.

Senator Roebuck: Yes, it does.

Mr. Penz: About the price of natural opportunities.

Senator Roebuck: It does.

Mr. Penz: So I am not sure whether I understand your disagreement here.

Senator Roebuck: I thought you were thinking only of prices and not considering inflation, the reduction of the purchasing power of money.

Mr. Penz: Inflation, by definition, is both the reduction of purchasing power of the dollar and the increase in general price level to buy a certain basket of goods. It is really the same thing.

The Chairman: It really does not make any difference how either one of you define it: it is bad for the poor. Can we go on? Two more senators must be given a first turn, and then we can come back again.

Senator Roebuck: Do not come back to me. I have said all I want to say.

The Chairman: Senator Cook.

Senator Cook: Mr. Chairman, first of all, I would like to congratulate Dr. Dymond very warmly. I am particularly taken with the philosophy behind this brief of the Department of Manpower and Immigration. I think they realize very keenly a great number of things that have to be done for the disadvantaged. I think it is an excellent brief.

Particularly I was interested and encouraged by page 19 dealing with training and I notice at page 20 you say there are 240,000 persons who are in training under OTA in 1968. Then you say that is about 0.7 per cent of the labour force. Surely that percentage is wrong?

Dr. Dymond: I might explain what that percentage is. It cannot be derived by dividing 240,000 into $7\frac{1}{2}$ million. It is the average amount of labour force time each day that people are in training. In other words, if one takes each day the number of hours of labour force time available, then 0.7 per cent are taken up in training.

Senator Cook: In other words, it is an economist's definition.

Dr. Dymond: It is rather a special definition, that is right.

Senator Cook: I notice on the bottom of page 20 you say that the average trainee finds that his new job pays roughly one-fifth more in wages and salaries. Then on page 21 you say:

Of the 19 per cent who were not in the labour force at the time of the survey . .

In other words, your survey in effect of your training:

... one-half were in a follow-up OTA course or had returned to school,

both of which results, I think, are excellent.

Then on page 23 you say:

The occupational training of adults program thus provides an escape from poverty not only in intent but also in practice. Earnings increased by 20 per cent for the

average client, and this figure may well be higher for the poor clients. Increased employment stability may also well be a benefit that the poor get from such training.

I am tremendously impressed with this, and I think this is a program very much in the right direction.

I just have one question. Is the program in any way restricted by the lack of funds?

Dr. Dymond: I think one would have to answer "yes"; one could do more along the lines described in the brief if more funds were available.

The Chairman: I think perhaps Senator Cook is entitled to a fuller answer that you may not now be able to give. Let me just point out that in the new legislation that is now before Parliament and will come to us before we adjourn, there is provision for a good deal more funds than there is at the present time, is that not right?

Dr. Dymond: Yes, this year's program is \$240 million; last year it was \$190 million spent on this program. So there is a substantial increase, at a time when the government is exercising a lot of restraint on expenditures. This is one program that the Government of Canada believes, even under the current circumstances of restraint, should be expanded.

Senator Cook: Good. Mr. Chairman, could I ask, through you, if the department would keep us advised of the surveys they make of this program? Up to date you have found it beneficial. You say you figure that the economy gets two and a half dollars for every dollar spent. I would like our Committee to be kept advised of these surveys.

The Chairman: All these people who are coming before us and saying: "Yes, we are doing this, but we have not got the answer". They will be called back, but at a later time to give more complete answers.

Dr. Dymond: We shall be glad to be called back.

The Chairman: Yes. We shall be around for a little while studying this problem, and by that time the surveys will be completed and we will have a good look at them. In the meantime, we are glad that you are giving us what information you can. As Senator Fournier pointed out to me this morning, we are still in the business of in-training on this job;

we ourselves are at the moment trying to learn all there is about poverty.

Senator Cook: Yes, but this does seem to be an encouraging development, to my mind.

One more question, turning to the other side of the coin. On page 12 of your brief you say:

Table 2 shows the occupational structure of poverty in 1961. It indicates that the occupation groups with high poverty rates were fishermen, trappers and hunters, farm workers, loggers, labourers and service and recreation workers. However, they made up only two-fifths of the poor family heads and unattached individuals in the labour force. This means that poverty, while concentrated in the above occupation groups, is by no means limited to them. Nearly one-tenth of the poor family heads and unattached individuals in the labour force were in professional and clerical occupations.

Then on page 14:

There is a clear relationship between the level of schooling and the poverty incidence (or the probability of being poor). It should be noted, however, that one out of every fifteen university graduates who were family heads or unattached individuals was found to be poor, as were one-seventh of those who graduated from high school but did not complete university. Education thus is no guarantee against poverty

That knocks all my theories on the head. Could you elaborate on that a little bit?

Dr. Dymond: I think it means that some people who reach quite a high educational attainment become unemployed, for example, over long periods of time.

Senator Pearson: Such as engineers.

Dr. Dymond: Such as engineers.

Senator Cook: Would these people have weaknesses; would they be lazy or what?

Dr. Dymond: In some instances I expect some people as they go through life have things happen to them, personal circumstances, all that kind of thing.

Senator Carter: These are all people who are capable of being included in the work force; they are not handicapped?

Dr. Dymond: I would not want to say that all of them are capable of being in the labour force, either, because they may become disabled in the course of their development.

The Chairman: Hold it just a minute. Miss Podoluk is signalling.

Miss Jenny R. Podoluk, Statistician, Dominion Bureau of Statistics: Part of the answer is, of course, that we measure the income during the previous calendar year, and some of these people, university graduates, for example, might have been university students during part of the year and only went into the labour force in September or October. We do not really know. I would suspect in many of these cases where there is an inconsistency between the amount of income they reported and the kind of occupation they described, there is something peculiar such as getting to university late in the year, or being an immigrant family which arrived in the latter part of the year. You really have to classify these people by whether or not they were attempting to work all year, or whether they were in the labour force part of the time. I suspect that where there is high education and low income, there may be some peculiar circumstances involved, rather than unemployment or inability to earn a good living. So I would use those figures with caution.

Dr. Dymond: There would be some examples of what I am talking about. They are probably not as high as this would suggest.

Miss Podoluk: There would be some, but I would use those particular figures with caution in saying that a good education does not necessarily mean staying out of poverty.

Dr. Dymond: I do not think it is a guarantee.

Miss Podoluk: It is not a guarantee.

Senator Carter: It does not have all the force you give it in the brief.

Miss Podoluk: I do not think I would place that kind of emphasis on these figures in interpreting the results.

The Chairman: It is certainly the best guarantee that we know.

Dr. Dymond: I think it is the best guarantee and I do not want to suggest, nor did we...

Senator Carter: It is a safeguard, anyway, rather than a guarantee.

Dr. Dymond: ...that there is not a terribly strong correlation between education and income, because that is probably the strongest correlation there is.

The Chairman: We have to allow for misfits. They happen at the top level as well as at the bottom level, and people will deteriorate over a period of years. That is not abnormal.

Mr. Penz: I would like to say that the reason why education, on the whole, is perhaps one of our best safeguards against poverty, is because there are lots of people who have poor education. If we had all of them brought up to the university level, then again we would have a poverty incidence spread through the university level.

Senator Cook: I am a great believer in the fact that education does not very often knock in the next generation. In other words, we have poverty that goes from generation to generation, but if you have at least the father or mother who is fairly well educated, they can very often bring their children along to get them out of this trap. So I am a great believer in education.

The Chairman: So am I. Senator Inman.

Senator Inman: I just have one question, for Dr. Dymond, Mr. Chairman. Do you have many instances of retired people, who are living on a government pension, taking advantage of this program, supported by public money?

Dr. Dymond: Not too many, in terms of taking the training program. I think the statistics show that there are some up to 55, John, who have been in our training program?

Mr. Meyer: You mean the age?

Dr. Dymond: Yes.

Mr. Meyer: Yes, up to 55. Of course, you may be referring to disability pensions.

Senator Inman: No, retired people.

Dr. Dymond: I think probably the economic problem with people in the higher age groups going into a program of training that may cost the taxpayer, say, two, three or four thousand dollars, is the very short period of time for which they have an earning capacity before they retire or withdraw. It might be thought desirable on social grounds, but it

would be very difficult to support as an economic proposition.

Senator Inman: Since this is public money, I wondered if there was any restriction. I do know of cases of elderly people. In one case a man was asked what he was doing, taking this training, because he had a good pension. He said: "In the winter there is not much to do, and I might as well get the money". He is taking carpentry work, and I said: "Are you going to build anything?" He said: "No, but it is easy to take."

Dr. Dymond: We would like to avoid this kind of thing if we can.

The Chairman: If this is the only abuse we find, we are going to be very lucky.

We have gone around once, and now the chairman wants his turn, and then we will come back again for another round.

Mr. Meyer, I understand you to say, and you correct me if I am wrong, that when you apprentice people for training in the construction industry, you pay all their salaries while they are working in the construction industry.

Mr. Meyer: Oh, no.

The Chairman: I misunderstood you. How do you apprentice them in the construction industry?

Mr. Meyer: We do not; the provinces do.

The Chairman: I do not care who does it, but does the province do what I say they do?

Mr. Meyer: No.

The Chairman: What is done?

Mr. Meyer: Apprentices, while on the job, are being paid, depending on the level of training, a percentage of journeyman's wages, starting at 50 to 60 per cent and going up, by the employer.

The Chairman: I thought there was an unusual subsidy there, from what you said, but I am mistaken.

Turning to page 6 at the end of the last full paragraph, talking about fixed income, you say:

If such incomes were tied to a cost-of-living index this detrimental effect of inflation would be avoided.

Let us talk about the cost-of-living index that is tied, for instance, to the old age secur-

ity at the present time. I do not know what it is in percentage, but a couple percent or something.

Dr. Dymond: It is not completely tied; it is partially tied.

The Chairman: We have some that are tied in some of our agreements.

Dr. Dymond: In collective agreements, yes.

The Chairman: The cost-of-living is tied with the veterans too, is it not?

Dr. Dymond: No, I do not think so.

The Chairman: In any event, the cost-of-living index, by the time you get around to it, is usually a year behind.

Dr. Dymond: No, the cost-of-living figures, the consumer price index comes out month by month.

The Chairman: But it is not incorporated in the cheque month by month.

Dr. Dymond: No.

The Chairman: It is incorporated at the end of the year.

Dr. Dymond: That is right, there would be a lag.

The Chairman: So by the time you give them whatever there is, the year has passed.

Dr. Dymond: Unless you figured out some retro-active provision.

The Chairman: No, I am talking of what is in existence.

Dr. Dymond: Yes, what is in existence, yes.

The Chairman: Have you given any thought at all to tying these measures that have this cost-of-living index, to a portion of the gross national product? You and I, as people in the stream of life, benefit from the gross national product. The pensioner does not; he is receiving a cost-of-living index increase. Have you ever thought of tying it to the Gross National Product and what it would mean in dollars and cents?

Dr. Dymond: Sometimes it would go up more rapidly than the cost-of-living index, a good deal more rapidly; and other times it would go up less rapidly than the cost-of-living index.

Senator Pearson: Would there be a possibility it might go down?

Dr. Dymond: No, I think that possibility is pretty remote. One can think of circumstances, but I rate it as very remote.

We have tied, by the way, our training allowances so that they go up each year as the wages in manufacturing go up. For example, we have just put through an Order-in-Council that will raise the allowances $7\frac{1}{2}$ per cent from July 1st over the year to July 1st, by virtue of the fact that wages in manufacturing last year went up $7\frac{1}{2}$ per cent.

The reason for that, in the case of our training allowances, is that they are regarded as income replacement for people engaged in a worthwhile economic activity, namely, taking training that makes the economy better off. In that sense they are sort of a salary, and so the rationale is to tie them to wages in the economy rather than to cost-of-living; because they are not regarded as a subsistence sort of income.

The Chairman: But the employed person got $7\frac{1}{2}$ per cent increase to-day.

Dr. Dymond: Right, on the average.

The Chairman: While this man who needs help the most and whom we are trying to train, gets his $7\frac{1}{2}$ per cent a year later. By that time it may have gone up another 6 or 7 per cent.

Dr. Dymond: Yes, although I think, if you look at the way the economy and the wage system operate, there are various lags. Some people are lagging behind the average; some people are ahead of it.

The Chairman: I spoke of providing half the gross national product increase. We have to find some way of catching up for these people on fixed income.

Mr. Penz: I think the problem is really one of how you set the initial level. After that your lags are not really that crucial, because with the lags you gain some and you lose some at various periods of time.

For example, if one year your GNP goes up six per cent, then you do not get this six per cent accruing to your fixed incomes until the subsequent year. In the subsequent year the GNP may go up only four per cent; so in that year they gain, and the subsequent year it may go up to six per cent again, whereas fixed income goes up only four per cent, and

they lose in this case; but, on the whole, these lags make a difference only if you have not taken account of a proper level in the first instance.

Senator Cook: Your first figure is so small, so meagre.

Mr. Penz: That is right.

The Chairman: You speak in your brief about people who are not in the mainstream of employment—the lame, the crippled, some of the aged and what-not, and you say for them maintenance is the answer.

Dr. Dymond: Well, no. I think I was saying that there are some groups, I am sure, for whom maintenance is the only answer.

The Chairman: Income maintenance.

Dr. Dymond: Income maintenance is the only answer. I think we regard many people as being in that kind of group who, if we were willing to spend, as society, on their rehabilitation, through programs, through training and in other ways, they would not have to remain in that group and we would be better off as a society; because if, say, the seventy thousand that it is going to take to keep a 25-Year-old man with dependents even at very minimal levels throughout his lifetime in a maintenance condition through welfare programs or guaranteed income, or however it is done, and spend that seventy thousand now day on doing whatever is necessary, or probably substantially less on training, rehabilitation or whatever is required, you would pull him out of this maintenance condition. In other words, I am saying there is a trade-off, if you like, between the funds for a very substantial group that are spent on maintenance, as compared with the funds that are spent on rehabilitation, training, policies designed to lift people out of the condition of maintenance that they are now in.

The Chairman: We appreciate what you are saying with respect to these particular people, but their first need, you agree, is income maintenance? If they can be trained beyond that, there ought to be services available for them.

Dr. Dymond: Oh, yes. You have to maintain them, for example, while you are engaging in these activities.

The Chairman: What we are thinking about and discussing before the committee is

income maintenance, services, and something with respect to attitude and approach. Now, in your view are we on the right track?

Dr. Dymond: Yes, I think those are the main areas for policy to operate in: because maintenance, remedial programs, and strategy. I think this is terribly important. These will break the so-called circle of poverty, lift at least the next generation out. In other words, I think the time framework is very important in terms of breaking this circle in the generational sense. It is an important part of any anti-poverty strategy.

The only point I think I was trying to make, senator, is that we do not run the danger of putting so many resources into income maintenance, with given governmental resources, that we neglect the remedial areas of putting resources—I am sure you are well aware of that—into programs to lift people out of the poverty group.

The Chairman: That is why, as I say, these are inter-related. You say these three services are inter-related. In your view, is our thinking in line with what you might be thinking if you were sitting with us?

Dr. Dymond: Yes, I would say so. I think that is very definitely true. It may have sounded tiresome, and I know people have said it again and again, but I think much of this depends, of course, on some kind of resolution of this trade-off between inflation and unemployment, because a lack of strong demand, a lack of high employment levels and all the impacts that unemployment and under-employment and so on have, have such a big effect in keeping people down in the poverty group. You have got to have a resolution of some kind of that one if expenditures on Manpower and rehabilitation and the programs that lift people out of poverty, are to lift them out permanently and keep them out, you have got to have a pretty strong demand situation in the economy.

The Chairman: But there is not very much that you can do in Manpower that is going to be over-whelmingly helpful to the disabled and the blind.

Dr. Dymond: We do do certain things, we have some rehabilitation for certain blind people.

The Chairman: But their first need is income, is it not?

Dr. Dymond: Yes, this is a primary need.

The Chairman: Let me give you another category. What about the female head of family? There are 60,000 of them in Canada, with 165,000 children. What is their basic need to begin with?

Dr. Dymond: I think, certainly, to have a primary base of income support in order to raise the children and maintain themselves. After that, I think provided adequate ways can be found to care for the children, it is to provide them with a means of continuing support in terms of being able to go out in the labour market.

The Chairman: We are talking about these female heads of families particularly at the moment, but I will deal with another category. Let us take both categories. Let us take the near-poor or the foreign poor—the man who works all week, earns makes himself \$50, \$55 or \$60 a week, and he has four children. He is poor; he is poverty stricken, is he not?

Dr. Dymond: Right.

The Chairman: There are a considerable number of these in our country. The children drop out of school because at the first opportunity to get a job they want to earn enough money to contribute to the family; secondly, a boy or girl has no clothes, he has no pocket money, does not feel at home with boys and girls who go to school in the same way, and the children are drop-outs. Three years later these same children come back for help with a wife and child. We pay them as high as \$90 a week to train them, hoping that they will find a job and an opportunity in society.

Why have you not got down originally to trying to see that this boy or that girl can be continued in school at a very minimum cost as compared with what it would cost us later on—even in dollars, let alone human beings?

Senator Pearson: Would that not be under the provincial authority?

Dr. Dymond: If you say "we", I think the answer would be the jurisdictional response.

The Chairman: Do not fall back on the jurisdictional response because I am talking about education and training. This is a human being we are talking about.

Dr. Dymond: I was going to say, I think it would make sense for government to spend relatively small resources at that point to keep children in school rather than much larger resources after a long of personal trou-

ble and dragging of the economy down through lack of productivity later on. I certainly believe very much that the problems should be tackled as early as possible in the cycle of their development.

The Chairman: But, doctor, anything I am saying is not new; it has been there for the last seven or eight years, yet we see nothing being done.

Dr. Dymond: I think it would be wrong to say nothing. I think in terms of it still being a very substantial problem, you are quite right.

We have done quite a bit of counselling of youth to try to persuade them to stay in school, if they come to us for jobs, rather than just referring them to jobs. We do a lot of counselling of youth and say: "Your best bet, young man, is to go back to school and not go out in the labour market at this point. This is the kind of prospect you are going to look forward to". However, if there is real economic pressure in the situation, you are quite right. Counselling is not going to cut the desire to get out of school or the need if the family is in difficult economic circumstances.

Besides, the whole value, as I think you have been implying, of education in that kind of a home is not very strong, because they do not know its meaning and they have not had any real experience of it.

Senator Cook: You used to have some posters around: "Pickaxes heavy at 65", something like that. Was that your department?

Dr. Dymond: There was a campaign three or four years ago when the employment service was all part of the Department of Labour; a very substantial campaign, focused on staying at school and the consequences of coming out of school, and differential incomes of people that had more education, and so on.

Senator Cook: Has that been dropped or discontinued?

Dr. Dymond: It is not very active right now. I think it rests more on counselling now, though very substantial gains have been made in terms of the proportion of the population that stays in school since those days.

The Chairman: We have discussed and agreed that one of the causes of poverty are low minimum wages. Does the department do anything about it, or have any particular views about it? The minimum wage in this country, \$1.25, to \$1.50, gives you poverty, as we define it, with a fair sized family.

Dr. Dymond: Speaking personally (because I do not think the department has a view) I think low wages are tied basically to the productivity of an occupation; and many occupations in our economy, because of the amount of productivity that the occupation produces and the amount of capital or technology it has to work with, simply do not provide a wage that is large enough to support a family of large size. Yet the person in that job has this kind of need and responsibility.

I think measures that are aligned into income-transfer in relation to family responsibilities—of which family allowances, I suppose, are an example, though as you know, pretty inadequate from this point of view—may be more desirable as an approach to that kind of problem, than expecting the wage structure to carry the whole burden—whether it be minimum wages or otherwise—of this kind of problem.

The Chairman: Doctor, others have come to us and said, as you also say in your brief, that the service sector is likely to enlarge; it is indicated that there is a reduction in productivity, with lower skills. There will be a larger labour supply and lower wages rather than higher wages. How do you reconcile that?

Dr. Dymond: In the services? I was going to observe on that, that a number of the occupations—this would be on page...

The Chairman: Others have said it; you said it some place in here.

Dr. Dymond: A number of these occupational areas with low incomes, such as fishermen are really declining—farm workers, loggers, fishermen and so on; although the service and recreation are increasing. That is quite right.

I think that because of the productivity in those occupations, for a long time, for people with any size of family at the average or above the average, people following those occupations will remain in the poverty group, even though they are following those occupations; because they simply do not yield enough productivity in our economy to push their wages up to the kind of levels that would be necessary to maintain people with large family responsibilities.

We can help to make sure that the people following those occupations are people without family responsibilities, in part by ensur-

ing that the people with family responsibilities—no not “ensuring”, which is far too strong a word—by counselling them into training for occupations that carry higher wages and have higher skills and higher productivities. In other words, I think our kind of policy, if there are choices to be made—as there often are between people because of insufficiency of funds and priorities and so on—probably should bear some sense of the need of people to go into training and to move into higher occupations because of the kind of social and family responsibilities they carry.

A number of people can go through these occupations, so to speak, when they are young and do not have family responsibilities, even though they have relatively low wages. It is when they get saddled with family responsibilities and advancing age that the problem occurs.

The Chairman: Yes. A third of those, by your own figures on page 13, are already in this poverty group. It occurs to me that one of the things we ought to leave with you—and you have left a great number of things with us, for which we are thankful—is that you keep that under your eye constantly and make some moves in that direction now.

While we are at it, the tendency in this country is for a shorter working week. What sort of impact do you think that will make?

Dr. Dymond: My own judgment really would be that we have not had an appreciable shortening of the work week, at least on the hours front in many years. We have had a very gradual increase in vacations over the past 10 or 15 years, but I do not think there is going to be a very rapid tendency toward decreasing work weeks and hours and longer vacations. I think there may be some tendency towards earlier retirement. I would look for adjustment on that front rather than on the other fronts.

The Chairman: Senator Carter.

Senator Carter: Mr. Chairman, you have covered a good deal of the ground that I was going to ask about. I would like to follow up on one point you made about low minimum wage. If by some chance we could raise the minimum wage for the working poor, up above the poverty level, what effect would that have on the labour market and on the economy generally?

Dr. Dymond: I think if that were all you did, just looking at that point alone, it would force a very substantial reduction in employment in those particular occupations.

Senator Cook: Could I just add one word there? There is a big difference between industries which pay low wages, shall I say, by choice, and industries which have to pay low wages. In other words, a minimum wage act is an excellent thing where low wages are paid by choice, that is, the employer could pay higher wages if he is made to; but it is a disastrous thing if the industry will not support high wages. Is that not what it comes down to?

Dr. Dymond: I think that would be substantially my position. The senator asked, if we pushed it up to poverty level, which is a very substantial gap to fill between many wage levels and the poverty levels of the Economic Council. That would I think, in the kind of instance where there is no choice about the wages being paid (it is a very competitive situation or there is a very elastic demand for the services or product); then there would be a reduction of employment flowing from this. I am not saying that might be good or bad. Perhaps society should not consume as many of these things that have to have a very low wage to support them. I am not making a judgment on that.

I think our experience in this country—and this is true of the United States—with minimum wages at levels that may not be of the kind that is as high as the senator suggests: there is very little evidence that the level set by the government in this country, say, \$1.25, and the kinds of levels to which minimum wages have been pushed, have caused very much unemployment. I think the general evidence is that they have not caused very much.

Take the banks in this country. When the federal Minimum Wage Act was first put in place, I think a good deal of the impact in terms of having to raise wages from what they were was in the banks. I did not notice any very substantial ill-effects on employment or on any other front in that sector of the economy.

Senator Carter: There are other factors that are coming into play more and more as time goes on and there is going to be more and more automation, even cybernation. What impact do you see that having on poverty?

Dr. Dymond: That is a complicated question to answer quickly, but I would see one impact as being that it would raise the productivity of a lot of occupations, and thereby give them a capacity to pay wages closer to poverty levels or higher. The pace of automation or technological change has not caused serious displacement problems in this country, although they have been there and we have developed programs for coping better with them.

Personally I believe that our kind of economy, with credit and advertising and so on, however it generates it, generates such high levels of expectation for consumption on the part of people and a real dynamic to get ahead in the world on the consumption front, so to speak, that we could have a good deal more automation and technological change that would raise our productivity, raise wages, raise our purchasing power and the growth of our economy, without generating serious displacement or unemployment problems.

I think we have to increase our capacity to cope with what displacements there are, if the pace speeds up in terms of the kind of programs we have discussed here this morning; but I do not have any fears about a modest increase if the pace is stepped up.

Senator Carter: You think it would be beneficial rather than detrimental?

Dr. Dymond: It has been, in the history of our economy and society so far, and I do not see any real reason to change that expectation.

Senator Carter: Mr. Penz, in discussion with Senator Roebuck this morning, was talking about inflation, and inflation is now the No. 1 problem in the Canadian economy. I think he said that the tendency is for wages to run ahead of productivity.

I know this is perhaps a little too idealistic to expect, but I want to put a question of economics. We will say that productivity in an industry is six per cent. The tendency now, when the next contract comes up, is to ask for an eight per cent increase in wages. If instead of doing that, if labour and management could get together and agree that the consumer is entitled to a share of that productivity; if, instead of asking for six per cent, they asked for, say, four per cent and leave the two per cent to go to the consumer, to stabilize our prices: would anybody be any worse off, would management or would the worker be any worse off?

Mr. Penz: It depends on how our institutional structure distributes the benefits, and that is really hard to tell. One would really have to follow up through the whole institutional system, to what extent companies would actually reduce their prices in response to wage increases.

Senator Carter: It is not a case of reducing; it is a case of not raising them.

The Chairman: I am afraid you are not going to make any headway on that question.

Senator Carter: We have economists, and this whole breed is filled with economic theory. I am putting forward one of my own now, and I want to get their reaction to this.

I would like to know, why would anybody be any worse off? Are there any reasons? You can say: "It all depends if the company would do this"; but if they agree among themselves that the consumer is entitled to a share of this productivity, and they make that their policy, my question is: would anybody be any worse off? That is what I want the economists to deal with.

Dr. Dymond: I would make one offering, senator, on that; I think it probably introduces some pressure into the economic system which makes it desirable to have modest increases in money wages that outpace productivity in certain sectors of the economy, not talking about the overall average.

Senator Fournier: I would like to hear a "yes" or "no" answer to that. We can debate this all afternoon. "Yes" or "no"?

Senator Carter: I would like you to say "yes" or "no", and I would like to know why; if they are any worse off, why?

Senator Quart: Special meeting for it.

Senator Fournier: "Yes" or "no", and I will be satisfied.

Dr. Dymond: Impossible.

The Chairman: Have you a question?

Senator Quart: I had one.

Senator Fournier: Let us finish it. "Yes" or "no", gentlemen?

The Chairman: There is no answer.

Senator Quart: Say "maybe".

The Chairman: They reserve the answer.

Dr. Dymond: So the record will read "no answer". Good enough.

Senator Carter: Is this not a question somebody should be studying, when inflation is such a terrible bugbear to everybody?

The Chairman: You have heard the witness say we have not really learned a great deal in the last 25 years about inflation.

Senator Carter: It does not seem as though anybody is bothering to do any thinking about it.

Senator Fournier: You will have to get the hippies to do it.

Mr. Penz: What you are really proposing is intervention in the marketplace, which so far has not been considered admissible.

The Chairman: By the consumer?

Mr. Penz: By the society at large.

The Chairman: By society at large in terms of the consumer.

Mr. Penz: In terms of the ethics of the freedom of the labour market.

Senator Fournier: That is some kind of an answer.

Senator Cook: It happened in Russia in 1916 and was rather drastic, and I would not advise that.

The Chairman: Have you a question?

Senator Quart: Yes, I notice your study on page 29, and probably that could be included. You mentioned that the department has three research grant programs, but it does not mention what they are going to cost, with all these different people.

The Chairman: He does not know.

Senator Quart: Maybe you should include Senator Carter's request and find somebody who will do that. Is it very costly? Will this committee benefit by any of these studies?

Dr. Dymond: I would hope the committee would benefit from some of the studies listed here, yes. I do not recall offhand just what the cost of these various studies is. Some of them are fairly large and costly in terms of their working with people. They are what we call action research programs, not just "ivory tower" studies. I think many of them will have pay-offs in terms of the

nature of the problem. Some of them may not have. Research tends to be, in this sense, a risk industry sometimes. You make a grant, and for some reason the people do not do a good job, or they are working on a faulty hypothesis; but I think in the overall sense it is well worth while in terms of learning.

Senator Quart: There is just one other question. I notice when I turn to page 25:

For this purpose, the Manpower consultative service administers financial incentives to encourage the establishment of manpower planning groups in companies...

The mention of "companies" intrigues me. Are we to understand by that, that the Canadian government, through Manpower or through somebody, is paying companies to indulge in long-range planning with regard to personnel? Should we pay them?

The Chairman: Are we doing it, first?

Senator Quart: When it would be to their advantage to know what their requirements would be in five, seven or ten years?

Dr. Dymond: Basically, yes, we are paying companies and unions. In other words, where there is a union, we require a joint approach to Manpower planning and to research on the effect of a Manpower adjustment as a result of technological or industrial change. What we are paying for is just half of the research cost of finding out what happens and why and developing the plan. This is a very modest cost in most circumstances, but we are not paying for the actual adjustments themselves.

We feel that this produces—and I think we have lots of evidence to this effect—a much more effective adjustment in both human and economic terms to manpower displacement, because it ensures that the maximum number of people get re-employed in that company; it identifies early who is going to be laid off, so that we can take action to move them or train them or find them other jobs. We feel this is a very wise expenditure of public money for that kind of purpose, because we spend much less public money as a result in terms of carrying people on unemployment insurance and in other ways through unemployment.

Senator Cook: I think the steel companies announced recently that there was some new way of making steel. Then you would investigate, inquire whether that would make any change in employment in that industry.

Dr. Dymond: That is right. If there were likely to be a displacement, our officers would go in and try to set up one of these programs.

Senator Quart: Would they be paid for that?

Dr. Dymond: They would be paid for the research and planning cost only, half of whatever the research and planning cost is. These are not costly. We are talking about fifteen or twenty or thirty thousand dollars as half of the cost in many instances.

Senator Pearson: There was a large company that stopped manufacturing shipbuilding kind of stuff. Did you have any interest in that?

Dr. Dymond: I think there have been sixty of these cases already in Canada since the program was set up, affecting the employment of about 300,000 in the firms that were affected.

Our officers go into any situation where they sense there is going to be a displacement problem. They are not successful in convincing the company or union in all cases that they should handle their displacement problem in this way.

Senator Cook: Some years ago you might have gone into Belle Isle in Newfoundland; you might have gone down there when they decided that the one was not suited.

Dr. Dymond: Just in that part of the country there has been a very lengthy one—and, I think, reasonably successful—on the ferries between Cape Breton and Newfoundland, when they introduced the new ferries. This service went in and this kind of plan was developed on both sides of the straits in connection with the ferries.

Senator Quart: On page 5 at the very bottom are the two words “and therefore” and, turning to page 6 to which Senator Croll drew attention, we are left in high air. Is there a page missing in mine or should it have been tacked on to page 6?

The Chairman: There is a line missing at the bottom, I understand.

Mr. Penz: “and therefore in an aggravation of poverty during such periods.”

Senator Quart: No harm done. Characteristic efficiency.

Senator Fournier: My question is longer than the answer. It was mentioned here a

while ago that we are going to eliminate poverty by education, raising the standard of education, with which I agree, and the gentleman here mentioned if they are trying to raise education at university level. The answer I want is: does he mean university level before he goes to university or after—one word “before” or “after”. What does university level refer to in this case?

Dr. Dymond: In the brief, senator?

Senator Fournier: No, during the explanation of our young friend.

Dr. Dymond: Peter, I think when he was distributing these...

The Chairman: No, he was not in that.

Senator Fournier: I will repeat it.

Dr. Dymond: I did not get the context.

Senator Fournier: A few minutes ago you were talking about eliminating poverty through education, and you mentioned university level. Do you mean before entering university or after?

Mr. Penz: In what connection?

Senator Fournier: What is “university level”, before you get into university or after you graduate?

Mr. Penz: The census uses two categories. They have one level with some university education, and another level is those who have graduated. “University level” on the whole, I guess, would be somebody who has at least some university education.

Senator Fournier: Then it is a question of time. I would entirely disagree with you on this point, although I am not opening the subject, because if everybody graduated from university, in a very short time everybody would be poor because there would be nobody left to do the work.

The Chairman: Mr. Penz said that very same thing that you are saying, as I understood him. In other words, what he said, in effect, was that if we all get a million dollars, the fellow who only has \$900,000 is poor. That is what he said in effect. He said that if everyone has a college education, then you are not talking about education any more. The kind of education we are talking about here is elementary education, the kind of education to 13th grade, to give the man

enough basic information to go out in the world and live.

Senator Cook: You are really talking about enough education; he wants to get more.

Dr. Dymond: We are saying that if poverty is a relative matter (which it is to some degree) and if everyone has university education, there is going to be a fair number of people with university education in the poverty group.

Senator Fournier: They will come to Manpower for jobs.

The Chairman: We find that the farmers are well organized, the unions are well organized, business is well organized, and they become powerful and look after their own interests, which is quite right within our economy; but the people we are dealing with, are they poor because they are powerless, or are they powerless because they are poor?

Dr. Dymond: That is a very philosophical question.

Senator Carter: Question of the chicken or the egg.

The Chairman: All these other people are trying to get as big a piece of the pie as they can. I pick up the paper this morning and find that electricians in the Toronto area are to get \$232 a week, or \$1.70 increase over the next two years. I am not complaining at all. If that is what they bargain for, that is what they get. I will pay my share, and I believe in that sort of thing.

Dr. Dymond: I do not know, though, whether you can create bargaining power just by organization; in other words, if you do not have any of the other attributes of bargaining power, skills and productivity.

Senator Cook: You have got to have something to bargain about.

Dr. Dymond: Unless you have something to bargain with, yes; although if you have something to bargain with, and some of these people do, then this will get you a bigger share of the pie at somebody else's expense.

There is another reason for organization that I observe. These people, as you are suggesting, I think, senator, are really voiceless, and do not have organizations that speak for them and their interests in our society; and therefore governments probably do not hear

them nearly as often or as loudly as they do other groups that come to Parliament Hill to state their case.

Senator Cook: Just one question. Is the problem of poverty greatly aggravated by exploitation? That is what it comes down to—are they exploited?

The Chairman: That is my question.

Senator Cook: Putting it another way.

Dr. Dymond: Economists have different answers for exploitation, different definitions.

Senator Cook: I would say "wrongful exploitation, unjust exploitation".

Dr. Dymond: What I suppose it means in a brief sense is that as between wages and profit or other shares of income, more could go to wages without any serious consequences in terms of prices rising and so on. I think there are areas of that in our economy, due to lack of bargaining power or too little competition, too many people looking for jobs. Sure, there are areas.

I think my judgment would be, although I have not examined it and there are very few statistics on this kind of thing; that it is an area where I would not say the elimination of all exploitation in this sense would eliminate the poverty problem. It would make a contribution, however, to its elimination, I am sure.

Senator Carter: Just as a point of procedure, are we having this table incorporated?

The Chairman: No, this table was given to you privately. I thought it was of interest when I saw it in *Hansard*, so I had it prepared and sent to each one of you.

Senator Carter: It is not part of the proceedings?

The Chairman: No.

Senator Carter: Just one other question, Dr. Dymond, coming back to this question of advertising for engineers. In reply to Senator Quart, there was the suggestion that there were some categories of engineers that were surplus, but he did not specify. I would like to know, because Science Policy Committee, where I go this afternoon, is dealing with that very point. There are certain categories, like civil engineer, electrical engineer, and whatever they are I would like to know.

Dr. Dymond: I would not say from memory. The surplus is sometimes pretty short-term. I would not give it to you from memory.

I would have to get the information on what categories of engineers. Is that what you would like, senator?

Senator Carter: You said there were some cases, and I would like to know which ones.

Dr. Dymond: Either surplus, or very limited demand for them.

Senator Carter: Could you supply that information?

Dr. Dymond: Yes, I would be glad to. Do you want that as part of the record?

The Chairman: Yes, part of the record. You will pass it on to him and we will make it part of the record.

Senator Cook has already indicated to you how we feel about your brief. I did not say anything at that time, but it was a very thoughtful and very well presented brief. You really tried to deal with the problem in the sense that you saw it. To us it is very helpful and we appreciate it very much. Of course, you will be back.

I want to thank you on behalf of the committee for loaning us Mr. Penz. It is a sacrifice for your department, but he will be very helpful to us.

It has been a very important morning for us, and on behalf of the committee I thank you.

Dr. Dymond: Thank you very much.

The Chairman: Our next hearing on Thursday was to be with the Department of Regional Economic Expansion. So you know, there is a new bill before the House of Commons at the present time, and our witness was to be Tom Kent. Tom Kent is appearing today, to-morrow and Thursday before that House committee, in order to get that bill through to the House of Commons so that it will be passed before they adjourn. We cannot replace him in that short time, so our meeting for Thursday will have to be postponed to another time. He will come back at a later date.

Senator Cook: Too bad, because I am supposed to sponsor that bill.

The Chairman: But you will do it until next week.

Senator Cook: It is too bad he will not be here. I wanted to get some information.

Senator Quart: Have we had the brief yet?

The Chairman: Yes, but we are not releasing it until such time as he is ready to appear.

The committee adjourned.

APPENDIX "K"

BRIEF TO
THE SPECIAL SENATE COMMITTEE
ON POVERTY

Submitted by
the Department of Manpower and
Immigration,
Government of Canada,
June 1969.

INTRODUCTION

In response to the request of the Special Senate Committee on Poverty, the Department of Manpower and Immigration submits this brief. The request asked for information on (i) the cause, incidence and remedy of poverty, with particular attention to the definition, measurement and projection of poverty, and (ii) poverty programs. This Department has confined itself in this brief to dealing with those problems that it has some competence to analyze. The definition and measurement of poverty are discussed conceptually rather than quantified. For this reason no projection is made. The causal analysis is essentially limited to those factors relevant to the labour market. On the question of incidence this paper briefly mentions some characteristics of labour force members who are poor. The discussion of programs is limited to the role and activities of this Department and their relevance to poverty and the relationship between manpower policy and other policies. No specific recommendations are made since they would involve significant policy issues which are not matters of decision at the official level of the Department.

I. ANALYSIS OF POVERTY

1. *The definition and measurement of poverty*
a) *The concept of poverty*

In its simplest terms, poverty is a persistent deficiency of goods and services. The deficiency is not merely with respect to physical survival, but with respect to some culturally defined "decent living standard". This reference point can at present be determined only intuitively. It is quantified by determining on the basis of budget studies the income

required to cover the consumption needs that are involved in this living standard.

Of course, any minimum living standard should vary with the size of family. Whether and how much it should vary geographically is a much more difficult question. There are basically three alternatives: (i) no geographic distinctions; (ii) geographic variability on the basis of the cost of living; (iii) geographic variability on the basis of the average standard of living of the respective areas. The case for the last alternative would have to be based on the assumption that each area has its own reference standard of living which is more relevant than the national living standard. This means that if the average standard of living in money terms in one region is higher than in a second, the poverty line in money terms in the first region will be higher than in the second. This is so regardless of whether the cost of living is the same in both or not, because money income differences are made up of cost of living differences and real income differences. The second alternative would have to be based on the assumption that there is a national standard of living which is the relevant reference point. This national standard in real terms, that is, goods and services, will be different in money terms in the different regions if there are regional differences in the cost of living. The first alternative, which involves no geographic variability in the monetary poverty line, would have to be based on the argument of statistical simplicity.

Another relevant consideration is that of the ownership of assets. If a person has previously earned a large income or inherited someone else's earnings on which he can still draw, can he be considered poor? This difficulty requires the conversion of wealth

into its equivalent in terms of income. This brings up the problem of what time period should be used for this conversion. At first glance, the most appropriate time period is life expectancy.

At the beginning of this section, poverty was defined as persistent deficiency. This eliminates temporary income deficiency, which characterizes, for example, the medical student who prefers to accept a low standard of living rather than incur debts against his future income, or the auto worker who has employment difficulties because of a transient recession. Their future is basically quite bright and they cannot be seen as trapped in the vicious circle of poverty. Nevertheless, an auto worker may have significant debt commitments which he suddenly finds impossible to meet, and even without them a sharp decline in income may create serious hardship for him in that a reduction in the standard of living is generally difficult for people to adjust to. The student may have difficulty financing his education and may be forced to interrupt or terminate it. These cases, however, are significantly different from those poor whose expected life-time earnings fall below the minimum living standard. Temporary income deficiency is more a matter for income maintenance insurance, e.g. unemployment insurance, and for adequate credit arrangements than for a strategy designed to break the vicious circle of poverty.

What happens to the concept of poverty over time? As the Economic Council of Canada has pointed out in its Fifth Annual Review, the concept of poverty changes over time. It changes with the general standard of living of society. Consequently two approaches are possible. (1) One can define the minimum income level in terms of real income and expect this definition to be revised from time to time as the overall standard of living rises. (2) One can define poverty in terms of a relationship to average money income, that is, a ratio of the minimum income level to some measure of the average living standard. The second approach is probably preferable because low-income earners see the severity of their poverty in relationship to the living standard of society as a whole rather than in relationship to the purchasing power to buy some fixed basket of goods.

b) The poverty line

The poverty line that Miss Jenny R. Podoluk of the Dominion Bureau of Statistics developed for 1961 on the basis of the criterion

of 70 per cent of income spent on food, shelter and clothing is a useful starting point. In 1968 dollars, it is, as the Economic Council brief to the Committee has stated, \$1,800 a year for a single person, \$3,000 for a family of two, \$3,600 for a family of three, \$4,200 for a family of four, and \$4,800 for a family of five.

Geographic variability of the poverty line has been discussed above. The matter of assets and property is one of assessing purchasing power in terms of not only income but also wealth, rather than a matter of modifications in the poverty line.

The updating of the poverty line might be improved as suggested in the second last paragraph. Instead of adjusting merely for changes in the cost of living, a more complete form of adjustment would also adjust for increases in average real income. In other words, instead of using a fixed real income level as poverty line, the ratio of the poverty line to the average income level would be kept constant. This would make the poverty line more of an income distribution measure. It would mean that the proportion of poor would not change with economic growth unless it was accompanied by a change in income distribution, since the poverty line would be adjusted for economic growth.

c) Measuring poverty

(i) The poor population measure

The most common measure of poverty is the proportion of the population whose standard of living is below the poverty line. It is a simple and useful indicator of the magnitude of the problem as well as its improvement or deterioration.

(ii) The income deficiency measure

The major shortcoming of the poor population measure is that it does not take account of the severity of the poverty of the persons whose living standards are below the poverty line. Thus a certain poverty rate could consist of persons whose living standard was only barely below the poverty line, or it could consist of persons who had only negligible incomes and were desperately poor. The poor population measure does not make a distinction between these two situations. If used in cost-effectiveness analysis it could lead to the least-cost solution of concentrating assistance on those only marginally below the poverty line.

One measure which distinguishes between a person with no income and one whose income is only barely below the poverty line

is the income deficiency measure. It weights each poor person by the amount that his income falls short of the poverty line. Another way of seeing it is in terms of the income that would need to be transferred if poverty were to be eliminated purely by income transfers. This measure can be given in terms of per cent of GNP.

(iii) *Hard-core poverty*

The concept of poverty suggested at the beginning of this brief contains the criterion of persistence. Statistically, this might be taken account of in the population measure of poverty by including only those who have spent at least a certain proportion of a certain period of time below the poverty line. In the income deficiency measure the concept of life-time earnings could be used and the differentials between actual and poverty-line life-time earnings determined. However, this would require complex data not presently available.

2. *The causes of poverty*

a) *Labour market aspects*

(i) *Overall labour demand*

The extent of poverty is greatly affected by the level of overall labour demand. First of all, overall labour demand determines the rate of unemployment. Unemployment tends to be concentrated among the semi-skilled and unskilled and the low-income earners. Thus slackness in overall labour demand means that the earnings loss that accompanies unemployment is concentrated among the poor. This is so regardless of whether there is a persistent slackness in the labour market or the slackness is cyclical. If high unemployment is recurrent (cyclical) rather than persistent, those generally affected by cyclical unemployment suffer recurrent income losses which reduce their life-time earnings. The same applies to seasonal unemployment, or at least that part of it which occurs in the primary industries where earnings are generally very low.

The second effect of the level of labour demand on poverty is through the extent of underemployment. Like unemployment, underemployment in the form of involuntary part-time employment tends to be concentrated among those whose skills have a low earning power.

These first two effects suggest a third effect that overall labour demand has on poverty. The concentration of unemployment and underemployment among the lower skills indicates that the demand relative to the supply of these skills is weaker than that for the

higher skills during periods of slack overall demand. This should result in a slower wage growth for the lower skills than for the higher skills, and therefore results in an aggravation of poverty in such instances.

This discussion prompts the question of why sufficient demand is not simply generated by fiscal and monetary policy. One answer is that tight labour demand conditions are accompanied by higher inflation. Thus price stability and full employment are objectives which are contradictory in their pursuit, that is, the reduction of inflation is liable to lead to an increase in unemployment, and vice versa. What the best combination of inflation and unemployment depends on the economic and social costs of these two variables, as well as on any relationship that may exist between two variables, as well as on any relationship that may exist between overall labour demand conditions and the rate of economic growth. Canada, relative to other industrialized non-Communist countries, has, on the whole, had higher unemployment rates and lower inflation rates.

Many considerations other than poverty enter into the determination of the costs of inflation and unemployment and cannot be spelt out here. But those relating to poverty can be suggested. The impact of unemployment on poverty occurs in the form of a reduction of earnings resulting from the need of the unemployed to fall back on lower governmental income support payments. The impact of inflation on poverty depends on the concept of poverty used. If poverty is defined in terms of fixed real income, then inflation aggravates poverty by diluting the purchasing power of the poor. Alternatively, if poverty is defined in terms of some relationship to the average standard of living, that is, in terms of income distribution, then, as far as wage-earners are concerned, there is no *prima facie* reason for inflation to affect poverty unless it has a differential incidence for the different income groups. However, to the extent that persons with fixed money incomes are concentrated in and near the poverty group, the reduction of this purchasing power relative to that of society at large will involve a reduction of income equality and an increase in poverty. On the other hand, if such incomes were tied to a cost-of-living index this detrimental effect of inflation would be avoided.

If there is a relationship between the combination of inflation and unemployment, that is, the level of overall demand, on the one hand, and the rate of economic growth on the

other, the beneficial effects of growth on poverty must also be considered in this context of the effects of overall demand on poverty. In this case, too, the concept of poverty is crucial. Economic growth will undoubtedly increase the real incomes of many poor people. On the other hand, if poverty is measured in terms of *relative* income, the effect of economic growth is not clear. Its effect on the relative earnings structure may be equalizing, widening or neutral. The effect on fixed income-earners, however, is fairly clear. They will find their incomes deteriorating relative to the average standard of living.

In conclusion, the most obvious cost in terms of poverty that is involved in any particular combination of inflation and unemployment is that of unemployment. It is a cost to the poor in terms of lost earnings and to society in terms of lost production.

(ii) *Structural changes and imbalances*

One of the major reasons why we find inflation and unemployment simultaneously coexisting is that there are structural imbalances in the economy. This means that there is unfulfilled demand for certain kinds of goods, services, machines, raw materials and also labour, which push prices up, while there is excess supply of other kinds, which tends to express itself in stock-piling and involuntary idleness rather than price reductions. These imbalances are the result of structural changes, primarily in labour demand, which have not been adequately accommodated by structural adjustment on the labour supply side.

Changes in the structure of labour demand are the result of changes in the structure of consumer demand, in technology and in the structure of natural resources. Shifts in consumer demand, both domestic and international, reduce the demand for one kind of good or service and increase the demand for some other kind and thereby reduce labour demand in one industry and increase it in another. Technological and organizational change results in changes in the occupational structure of labour demand by replacing certain kinds of skills by other skills or by capital and by thereby yielding savings to producers or consumers (or in increased earnings for the workers in continuing demand) that can be spent on other investment or consumption which in turn carry with them new occupational demand. The exhaustion of natural resources in some areas and discoveries of new exploitable sources in others changes the geographic structure of labour demand,

which, of course, is also affected by the above aspects of structural change. As a matter of fact, a particular structural change will often involve more than one of these aspects and the whole array of structural changes in the economy at any point of time will generally involve all of them.

Structural changes and imbalances are related to poverty not merely by the extent to which they determine the unemployment rate that accompanies the maximum acceptable inflation rate. They have a more distinct relationship in that those individuals who are adversely affected by them may become poor. To see this, it is useful to identify three important dimensions of the structures of labour demand and supply: the industrial structure, the geographic structure, and the occupational structure. Shifts in consumer demand will make their first impact on the industrial structure of labour demand. This means a decline of labour demand in one industry and an increase in another. Unless the shift is very slow, it is liable to result in layoffs and therefore unemployment. To eliminate this unemployment the surplus has to move to the expanding industries. If, as is often the case, the contraction of one industry in a particular area is not accompanied by the expansion of other industries in the same area, the movement also has to be geographic. This will also be the case when the depletion of natural resources is involved. Furthermore, different industries have different occupational structures, so that the occupations laid off may not be those for which demand is expanding. This will be particularly so in the case of technological change. The elimination of unemployment requires surplus labour to switch occupations, a change that often demands retraining.

Thus structural changes in labour demand can result in unemployment, unless they are accompanied by geographic and occupational mobility. An alternative to labour mobility is capital mobility and flexibility. If capital would move to areas of labour surplus and technology absorb occupational surpluses, the structural imbalances would be resolved on the labour demand side. However, capital and technology have not proven to be responsive to labour surpluses, especially not when labour at a low skill level is involved.

The remaining forms of adjustment are geographic and occupational labour mobility. Why does this adjustment work only imperfectly? One important reason may be lack of information. Redundant workers may not be

aware of suitable job opportunities, either in their own occupation or area, or in related occupations or other centres. Even if such information is available to them, there is a certain amount of risk and uncertainty connected with moving to another part of the country where job opportunities are more plentiful and with training for an occupation with better prospects. Actually getting a job may still be uncertain and its permanence may be uncertain too.

Another factor is that there are considerable costs involved in changing residence and retraining for another occupation. Such costs may be prohibitive for a poor family. Credit may not be available, and even if it is, it would mean borrowing against an uncertain future.

Finally, there is what J. K. Galbraith called the "homing instinct". Many people do not want to move, particularly if they have belonged to a community that emphasized tradition. They will go through considerable hardship before they let economic conditions force them to change their lives. This may also apply to occupational mobility in that certain persons may have identified so strongly with a certain occupation that they are not prepared to abandon it.

(iii) The structure of earnings

So far the discussion has been largely limited to unemployment. But one of the most important causes of poverty are inadequate earnings. The most important variable in earnings is the occupation structure. Part of the relationship is due to the skill level of the occupation. Another element in it is the technology that the occupation has to work with and the productivity that results from this interaction. A third element, however, is the changing interoccupational terms of trade. Kenneth E. Boulding has made this point:

...in the course of economic development, there are radical changes in the structure of relative prices. The prices of those goods and services in which productivity has not risen, rise relatively to those of goods and services the productivity of which has risen. The barber is better off than he was a hundred years ago not because his productivity has increased, but because his terms of trade have improved. He may buy a great deal more with an hour's barbering [or a haircut] than he previously could. He is only able to do this, however, because in other occupations productivity has increased.

Generally speaking, in those occupations in which the productivity increases most, the terms of trade show the least improvement.¹

And:

The worst pockets of poverty are likely to be found in those segments of an occupation in which because of the rise in productivity in other segments of the occupation, the terms of trade have become less favorable. The poverty of the marginal and submarginal farmer is a case in point.²

In Canada a good example is marginal fishermen, as Table 2 below indicates. Two-thirds of the fishermen are poor. Yet one cannot say that fishing does not require skill, nor that technological progress has not occurred in the occupation. It is rather that technological progress in the occupation has been very uneven and that the exodus from the occupation has not kept pace with the deteriorating terms of trade resulting from the technological change in the progressive segment of the occupation. Thus structural changes affect not only employment opportunities, but also earning power.

b) *Persons who are not in a position to work*

Overall demand and structural imbalances in the economy do not greatly affect the livelihood of those who cannot participate in the labour force. They are those whom old age, illness, physical or mental handicaps, household responsibilities or educational commitments do not permit to work. The problem of those who cannot participate in the labour force, in terms of government policy, is one of income maintenance. This Department is not in a position to analyze Canada's income maintenance measures.

One additional point with respect to this group, however, needs to be made from the viewpoint of manpower policy. It is that the dividing line between potential labour force participants and those who cannot work is very blurred indeed. For the handicapped persons their disqualification is usually due to their unemployability. In many cases, they can become employable through rehabilitation. For some the necessary rehabilitation is fairly inexpensive, while for others it can be very costly. Whether a handicapped person

¹ Kenneth E. Boulding, "Perspectives from Four Disciplines: Economist", *Poverty American Style*, ed. Jerman P. Miller, Wadsworth Publishing Co., Inc., Belmont, Calif., [1966], pp. 44-5.

² Boulding, *Poverty American Style*, p. 46.

can become employable is therefore partly a matter of what rehabilitation opportunities are available.

In other cases, the inability of a person to participate in the labour force is due to certain institutional arrangements. A shortage of nurseries can prevent women from working because of household responsibilities. A lack of part-time work opportunities can keep certain older workers who are not prepared to engage in full-time work out of the labour force. The fact that most jobs and most schooling are full-time can create problems for certain students who need to earn more than they can during vacations.

Finally, there is the discrimination barrier to labour force participation. Women find it difficult to be accepted in certain occupations, and persons who are older, handicapped or have a police record are discriminated against for reasons other than their job-related qualifications.

c) The vicious circles of poverty

While the explanation of the original causes of poverty must be in economic terms, there are a number of factors which reinforce the problem of poverty and which are both symptom and partial cause. The major ones probably are:

- (i) inadequate schooling,
- (ii) excessive fertility,
- (iii) poor health,
- (iv) slum housing,
- (v) debts,
- (vi) poor information about opportunities; and
- (vii) defeatism and hostility.

An analysis of these factors is important to determine whether remedial measures directly impinging on these factors can be successfully applied independently of a general strategy and whether such measures are necessary or useful as complements to a labour market or income maintenance approach. Such an analysis, however, is not attempted here.

3. Poverty groups¹

The non-participants in the labour force make up a large proportion of the poor. Of the unattached individuals (those persons who neither have nor are dependents) who are poor, about 60 per cent are generally not in the labour force. One-third of the heads of

poor families do not work at all during the year, but only one-quarter of the poor families have no earners at all.¹

Thus two-thirds of the heads of poor families are either working or seeking work and three-quarters of these families have at least one earner. Two-fifths of the unattached poor are also at least occasional labour force participants.

Quite obviously, a major factor in poverty among participants is unemployment. Only 10 per cent of those men who worked all year in 1965 had an income of less than \$3,000, while among those who worked only part of the year 62 per cent had an income less than \$3,000. Among women the respective percentages were 48 per cent and 90 per cent (See Table 1.)

It is very striking, however, that 10 per cent of the men and 48 per cent of the women who worked all year earned less than \$3,000. Even after acknowledging that these figures include part-time workers (which may at least partly explain the very high percentage for women), they still indicate that year-round employment is no guarantee of adequate income.

Table 2 shows the occupational structure of poverty in 1961. It indicates that the occupation groups with high poverty rates were fishermen, trappers and hunters, farm workers, loggers, labourers and service and recreation workers. However, they made up only two-fifths of the poor family heads and unattached individuals in the labour force. This means that poverty, while concentrated in the above occupation groups, is by no means limited to them. Nearly one-tenth of the poor family heads and unattached individuals in the labour force were in professional and clerical occupations.

The relation of schooling to poverty is indicated in Table 3.

There is a clear relationship between the level of schooling and the poverty incidence (or the probability of being poor). It should be noted, however, that one out of every fifteen university graduates who were family heads of unattached individuals was found to be poor as were one-seventh of those who graduated from high school but did not complete university. Education thus is no guarantee against poverty.

¹ In this section, the Economic Council definition of poverty is used.

¹ Economic Council of Canada, "Statistical Tables Relating to 'The Problem of Poverty'", October 1968, Tables 1, 2 and 5; G. Oja, "Problems of Defining Low Economic Status for Poverty Studies", *Canadian Statistical Review*, D.B.S., September 1968, p. xi.

TABLE 1

Income Distribution of Individuals by
Number of Weeks Worked and Sex, 1965

	Male		Female	
	50-52 weeks %	1-49 weeks %	50-52 weeks %	1-49 weeks %
Under \$ 500	0.9	14.7	2.3	34.3
\$ 500-\$ 999	1.0	13.4	2.8	21.6
\$1,000-\$1,999	2.3	17.8	13.3	23.6
\$2,000-\$2,999	5.9	16.7	29.3	10.2
\$3,000 and over	89.9	37.4	52.3	10.3
Total	100.0	100.0	100.0	100.0

Source: D.B.S., Income Distributions by Size in Canada, 1965.

TABLE 2

The Occupational Structure of Poverty Among Family Heads
and Unattached Individuals in the Current Labour Force,* 1961

	Percentage Distribution Among Occupations		Poverty Incidence in Each Occupation %
	Low Income Families %	All Families %	
Fishermen, trappers, hunters	2.2	0.6	66.8
Farm workers ^a	3.5	1.2	56.8
Loggers and related workers	3.2	1.1	54.7
Labourers	10.3	5.1	39.3
Service and Recreation	18.5	11.2	32.2
Transport and Communication	9.6	8.2	23.0
Craftsmen, production process and related workers	30.2	32.1	18.4
Miners, quarrymen and related workers	1.2	1.4	16.9
Sales	4.9	6.3	15.2
Clerical	5.7	9.5	11.7
Managerial	7.0	13.0	10.6
Professional and Technical	3.6	10.2	6.9
Total	100.0	100.0	19.6

* Excludes farm operators.

Source: Economic Council, "Statistical Tables Relating to 'The Problem of Poverty', Chapter 6 of the Fifth Annual Review", October 1968, Tables 2 and 5.

TABLE 3

The Educational Structure of Poverty Among
Heads and Unattached Individuals, 1961

	Percentage Distribution by Educational Background		Poverty Incidence at Each Level of Education %
	Low Income Families %	All Families %	
No schooling or elementary schooling	66.0	46.2	41.6
Secondary 1-3 years	23.1	29.0	23.1
Secondary 4-5 years	8.0	15.8	14.6
Some University	1.8	4.0	13.0
University Degree	1.1	5.0	6.7
Total	100.0	100.0	29.1

Source: Economic Council, "Statistical Tables Relating to 'The Problem of Poverty'", Tables 1 and 5.

II. REMEDIAL ACTION

1. Manpower policy

a) Departmental goals

The primary goal of the Department is to contribute to the attainment of the economic and social goals of Canada by optimizing the use, quality and mobility of all manpower resources available to the country. Thus the policies and programs of the Department are essentially economic in character.

The basic goals of the Canadian economy, as outlined by Parliament in the legislation establishing the Economic Council, are the attainment of full employment, a high rate of economic growth, reasonable price stability, a viable balance of payments and an equitable distribution of rising incomes. These general objectives serve as the economic framework for the operation of the Department of Manpower and Immigration, one of the principal departments responsible for implementing the governments economic policies and programs.

It is important that the basic goals of the Canadian economy be pursued simultaneously and that related economic policies establish a climate conducive to full employment. Other policies must at the same time aim to influence the quantity and efficiency of productive factors so that the total Gross National Product and productivity levels are able to increase at the rate required to improve individual economic welfare. It is in the latter area that manpower and immigration

policies contribute to the achievement of the basic goals. Economic growth requires both the appropriate use of the "big levers" of monetary and fiscal policy and the complementary investment in selective economic policy area such as manpower and immigration.

Manpower is the most important of the factors of production; it accounts for about two-thirds of the cost of producing the flow of goods and services that Canadians consume. The two broad areas of general and selective economic policy must be co-ordinated and integrated if either is to have its maximum impact. Investments in the size, quality and allocation of the labour force thus necessarily have a major impact on the process of economic growth and rising productivity. And, partly because they can be managed selectively in cyclical, regional, occupational and industrial terms, manpower programs offer a major means of removing skill and other manpower bottlenecks and of ameliorating cyclical fluctuations, both of which are essential to the attainment of low unemployment rates without undue inflation.

Assuming that the demand for goods and services in the Canadian economy is sufficient to meet the potential of the economy, manpower can contribute to national economic growth in three main ways. First, there must be adequate numbers of workers available. In the normal course of events, these come from natural population increase but they can also be obtained from outside the country through

immigration. Secondly, they can be obtained by reducing the numbers unemployed through the basic upgrading and training of individuals to enable them to pursue a new occupation or increase their skills in their present occupation, and by fostering needed geographic mobility. Thirdly, economic growth can be promoted by an improvement in the way the labour market functions. Even though manpower resources of the right kind and quality are available, production may be slowed down because workers do not become aware, or do not become aware quickly enough, of the jobs offered by employers and vice versa; because there are financial or other obstacles to moving to a job; or because of seniority, pension or other conditions of employment which impede the movement of workers from one job to another. To the extent that the time taken to match men and jobs can be shortened, the level of economic activity will be higher and the loss of production reduced.

Reducing the imbalances between labour demand and supply in this way not only furthers economic growth, but also contributes to the goals of full employment and reasonable price stability. By matching unemployed and vacancies not only is unemployment reduced and employment increased, but inflation generated by the upward pressure on prices that persistent vacancies exert is also reduced. Thus the reduction of manpower imbalances reduces inflation and unemployment simultaneously rather than one at the expense of the other which is generally involved in changing the level of aggregate demand. In more technical terms, the inflation-unemployment trade-off function is improved by an improved balance between manpower demand and supply.

Manpower policy reduces poverty both in a direct and indirect way. It has a direct impact when poor persons are helped to find steady and remunerative jobs through counselling and referral, through assisting them financially to move to areas where such jobs are available, and through training and vocational rehabilitation. It has an indirect effect when vacancies which are accessible to the poor are created by manpower programs which move employed persons to vacancies which are not accessible to the poor. Thus, in an economy where the labour surpluses are concentrated in the lower skills and the shortages in the higher skills, helping the poor may require assisting persons along the whole

skill spectrum to move up the skill ladder of vacancies.

Manpower programs have not only remedial anti-poverty effects, but also preventative effects. Structural changes may push some persons into long-term unemployment and thereby into the vicious circles of poverty. One way to reduce this effect is to encourage employers and unions to cooperate in planning such changes in a way which will minimize labour displacement, and this is done under the Manpower Adjustment program. When training or mobility assistance are offered at the beginning of a prospective lengthy period of unemployment or unsteady employment, a person may be saved from slipping into poverty. The same applies to a person who became handicapped as a result of an accident or illness and who is given vocational rehabilitation right away.

While pointing out these anti-poverty effects the Department would like to make it clear that its primary role lies in its contribution to economic growth, full employment and reasonable price stability. Its role with respect to income distribution, while important, is only secondary.

b) The employment service

The employment service is carried out through a network of Canada Manpower Centres strategically located across the country. These are 369 permanent CMCs, including 54 campus offices. In addition, there are about 100 seasonal, temporary and itinerant offices. These centres are the Department's primary points of contact with the public, where manpower programs and policies are translated into services to meet the needs of workers, employers, organizations and the economy as a whole.

The basic purpose of the employment service is an economic one, that of the effective matching of manpower demand and supply, which reduces the length of time jobs are vacant, minimizes the loss of man-hours and productivity, and assists in placing workers in jobs which utilize their full productive capacities. The functions carried out by Canada Manpower Centres include:

- (i) counselling and testing services for workers and employers, including the development of realistic vocational plans;
- (ii) placement services for workers;
- (iii) recruitment services for employers;
- (iv) clearance services for assisting in alleviating local labour shortages and surpluses;

(v) identification, selection and authorization of clients for training and allowances under the Adult Occupational Training Act;

(vi) identification, selection and authorization of clients for exploratory, relocation and trainee travel grants under the Manpower Mobility Regulations;

(vii) development, in cooperation with other federal agencies, provincial and municipal authorities, and employer and worker organizations, of special applications for manpower programs to resolve difficult manpower adjustment problems, such as larger lay-offs and FRED projects, and to increase the employability and employment of the handicapped and other disadvantaged persons;

(viii) dissemination of comprehensive labour market information;

(ix) reception, specialized counselling and settlement services and emergency assistance to immigrants.

For many clients—those with established occupations that are in generally good demand and that utilize their individual talents productively—the objective is merely to find them suitable job opportunities as quickly as possible. But many others, who have handicaps or special employment problems of various kinds, require careful career counselling based on the best available labour market information and their own desires and aptitudes. The necessary information system (about job vacancies, employer requirements, education and skill requirements, occupation trends, available training courses, and labour market conditions both locally and in other centres) is already substantial, but needs to be and is being further expanded.

The referral of job-seekers is made by the manpower counsellors either to suitable local vacancies or to out-of-town jobs made available through the inter-office clearance network. If the job-seeker is unemployed or underemployed and has little prospect of work where he lives, he and his family can be provided with the financial assistance they need to move to a distant job under the Manpower Mobility program. Alternatively, if it will improve his earning power, he can, under the Occupational Training of Adults program, be referred to a training course and, subject to certain conditions, be paid a living allowance while in training. These two programs are described in the subsequent two sections.

Close to 6,000 persons are working for the Department's employment service. In 1968-69, over 3 million job-seeker registrations were received at CMCs, nearly 1 million vacancies were notified and about 700,000 placements were effected by CMCs.

The employment service has not confined itself to or concentrated on any particular segment of the skill spectrum. We believe that this is reasonable not merely from the point of view of economic growth, but also from that of poverty. Vacancies tend to be concentrated among the higher skills, while unemployment tends to accumulate among the lower skills. Thus there tends to be a skill barrier between the unemployed and the vacancies. One way of overcoming it without relying on formal training entirely is to engage in the referral of employed persons to better jobs thereby creating job openings accessible to less skilled persons.

Furthermore, without the employment service those who are not particularly competitive in the labour market are liable to be exploited because they would be aware of only a limited set of job options. Thus the employment service helps the poor also in the direct way of increasing their opportunities by providing the appropriate labour market information.

c) Training

Providing information on job-seekers and job-openings or referring job-seekers to vacancies by itself is often not sufficient to bring job-seekers to vacancies together. One of the major obstacles is skill deficiency. To meet this need the Occupational Training for Adults Program was instituted in 1967. It provides for training of adult members of the labour force and for training allowances as income replacement for adults with established economic responsibilities. The federal government pays the full cost of training and allowances which enables it to select the trainees for specific training programs.

Training services are purchased from provincial governments, private schools and industry. Persons eligible for them must be at least one year older than the relevant provincial school-leaving age and must have been out of school for at least 12 months. Allowances are paid by the federal government directly to trainees in public programs, if they have dependents or have been in the labour force substantially without interruption for at least 3 years. The weekly allowances amount to \$37 for the trainee, \$10-18

for his first dependent and \$6-10 for each of his second and third dependents (the precise amount depending on the part of the country) and an additional allowance of \$21 if the trainee has to live away from home in order to take his training, up to a current maximum of \$96. The allowance structure is annually updated on the basis of the growth in hourly wage rates. These allowances are higher than Unemployment Insurance payments, but below normal earnings. The trainee is not considered unemployed nor outside the labour force and maintains his rights to Unemployment Insurance benefits. In the case of training in industry, the employer is reimbursed for wages paid to his employees while in formal training.

During 1968-69, about 240,000 persons were in training under OTA. This means that about 0.7 per cent of the labour force were in OTA training at any time in the year. 70-75 per cent of the trainees both completed and passed their courses. The average age was 27 years and only 40 per cent were single which indicates that the program is significantly accessible to persons with family responsibilities. 89 per cent of all full-time OTA trainees qualified for training allowances. On the average, these allowances amounted to about 70 per cent of the trainee's earnings in his last job before training.

The average trainee finds that his new job pays roughly one-fifth more in wages and salaries, even shortly after the course is terminated. This "before and after" earnings differential may, however, understate the lifetime differential; many of the new occupations are in groups where considerable actual work experience is required before full earning potential is achieved. The measured improvement in immediate employment prospects is considerable, although it will undoubtedly be higher when measured in a year when general unemployment is below the high 4.9 per cent of 1968. The survey showed that some 66 per cent of those who were unemployed before training and who were in the labour force during the follow-up period were fully employed. Of the 19 per cent who were not in the labour force at the time of the survey, one-half were in a follow-up OTA course or had returned to school.

The total expenditures under the Occupational Training of Adults program in 1968-69 are estimated to have been \$190 million. They were distributed among the geographic regions of Canada on the basis of the size of the labour force in each region as well as their economic need as indicated by their unemployment and poverty rates. Table 4 gives the expenditures per labour force member in each region.

TABLE 4
Regional Distribution of Occupational Training of
Adults Program Expenditures and Indicators of Economic Need

	OTA expenditures per labour force member, 1968-69	Unemployment rates, 1968	Poverty incidence, ^a 1961
	\$	%	%
Atlantic	41.07	7.3	47.7
Quebec	29.59	6.5	30.8
Ontario	21.52	3.5	23.0
Prairies	19.62	3.0	31.2
Pacific	11.36	5.9	26.9
Canada	24.04	4.8	29.1

^a Family heads and unattached individuals.

Source: Estimates by Program Branch, Manpower Division, Department of Manpower and Immigration; D.B.S., *Labour Force*; Economic Council, "Statistical Tables Relating to 'The Problem of Poverty'", Tables 1 and 5.

Recently a poverty-line analysis has been conducted of the income levels of OTA trainees before training.¹ The result of the analysis are given in Table 5.

¹ The poverty line used here is the Podoluk definition updated by the Consumer Price Index.

This analysis indicates that the program very significantly benefits the poor. The proportion of poor persons among OTA clients is slightly more than twice as high as for the population at large. This means that over \$100,000,000 were spent on training poor peo-

ple in 1968-69. Particularly among the female clients and those male clients with children there was a large proportion of poor.

The Occupational Training of Adults program thus provides an escape from poverty not only in intent, but also in practice. Earnings increased by 20 per cent for the average client and this figure may well be higher for the poor clients. Increased employment stability may also well be a benefit that the poor get from such training.

d) *Mobility assistance*

If there are no local jobs available for a person in his skill and if it is not possible for him to get training for available jobs requiring other skills, the best thing often is for him to move. But moving tends to be financially burdensome or even prohibitive, particularly for poor people. Providing financial

assistance facilitates moving as well as provides an incentive for it and thus contributes to the reduction of poverty.

The Manpower Mobility Program is designed to meet this need. Under it, unemployed and underemployed (i.e. part-time employed) persons can obtain exploratory grants for job-seeking in areas holding reasonable prospects for employment and relocation grants once a job has been found. Relocation grants may cover transportation costs, a re-establishment allowance (\$100 for the worker, \$100 for his spouse, \$200 for each of the first two children and \$100 for each additional dependent), and a homeowner's allowance where the sale (\$1,000) or purchase (\$500) of a house is involved. In addition, travel grants are provided to clients selected for occupational training and to apprentices, where necessary.

TABLE 5
Impact of the Occupational Training of Adults Program on the Poor
April 1 to September 30, 1968

	Program %	Clients ^a	Poverty Incidence	
			Total expend- iture units ^b	1965 ^c
			%	
Unattached Indiv.	43		39	
— male		35		31
— female		67		45
Families	60		20	
— male heads		55	18	
— 2 members		40		24
— 3 members		48		15
— 4 members		60		13
— more than 4		69		18
— female heads		90	34	
— 2 members		88		35
— 3 members		91		34
— 4 members		93		33
— more than 4		94		34
Total	51		24	

^a The poverty line used is the Podoluk definition updated by the Consumer Price Index to 1968, which was \$1,730 for one person, \$2,883 for two, \$3,460 for three, \$4,036 for four, and \$4,613 for five or more.

^b Expenditure units are families and unattached individuals.

^c The poverty line used for 1965 is \$1,610 for one person, \$2,684 for two, \$3,221 for three, \$3,757 for four, and \$4,294 for more than four. The data in this column are based on income distribution data by type and size of expenditure unit in 1965, but information on the sex of family heads is lacking for that year. Therefore, the 1961 sex composition of heads of poor families and unattached individuals was applied to the 1965 data.

Source: Departmental statistics; D.B.S., *Income Distributions by Size in Canada, 1965*; Economic Council of Canada, "Statistical Tables Relating to 'The Problem of Poverty' ", October 1968, Tables 3 and 5.

During the fiscal year 1968-69 over 6 thousand workers received relocation grants. This represents about 1.5 per cent of the unemployed. A slightly larger number were provided with exploratory grants to search for new jobs, and of the recipients approximately 30 per cent subsequently qualified for relocation grants to move to new employment. Authorized relocation grants average about \$600 per client and exploratory grants approximately \$60.

In general, the flow of assisted moves follows normal mobility patterns. The majority are under 35 years of age. At the same time the program has also made it possible for large families to move, and almost one-quarter of all relocation grants were to workers with four or more dependents. The earnings of those moved increased by at least 15 per cent. About 20 per cent of all relocations were from ADA-designated to non-designated

areas—a proportion considerably greater than for unassisted migration.

The purpose of the Manpower Mobility program is not to induce all labour market adjustment to take the form of mobility, but to encourage it where there are no alternative ways. Clients are assisted in moving only to the closest labour market area where appropriate job opportunities are available. The Manpower Mobility program is an integral part of each FRED plan. Many of the assisted moves are to a regional growth centre from its surrounding hinterland. About three-quarters of all relocations occur within the province.

The results of the poverty-line analysis of the Exploratory and Relocation Grant Recipients under the program are presented in Table 6. The poverty line is the same as the one described in the discussion of the Occupational Training of Adults program.

TABLE 6
Impact of Exploratory and Relocation Grants on the Poor
April 1, 1967-June 30, 1968

	Program	Poverty Incidence		
		Clients ^a	Total expend- iture units ^b	1965 ^c
	%		%	
Unattached Indiv.	11		39	
— male		9		31
— female		38		45
Families	35		20	
— male heads		35	18	
— 2 members		19		24
— 3 members		26		15
— 4 members		34		13
— more than 4		48		18
— female heads		77	34	
— 2 members		75		35
— 3 members		71		34
— 4 members		92		33
— more than 4		86		34
Total	26		24	

For footnotes and sources, see Table 4.

The table indicates that the proportion of poor among the Mobility clients is slightly higher than the poverty rate of the population as a whole (which by 1968 should have declined somewhat from 24%). One poverty group which benefits considerably from the program are men with larger families. This

may be so because these men have skills but are poor as a result of their family responsibilities and the demand for their skill is soft in their area of residence. The program is therefore successful in meeting one of its major objectives, that of helping to move families which otherwise could not afford to

do so. The low-income group of unattached individuals includes a large proportion of older persons and students who are not permanent participants in the labour force. This is why this group cannot be helped by the program to a significant extent.

e) Manpower Adjustment Program

A program whose purpose is to prevent unemployment and poverty is the Manpower Adjustment Program. It is designed to stimulate and encourage advance planning on the part of management and organized labour in individual companies, industries or areas in situations where economic, technological or organizational changes create a need for manpower adjustments of considerable size. Such advance planning serves to minimize labour displacement by finding new jobs within the firm or industry for otherwise redundant workers and thus helps to prevent long-term unemployment and poverty. For this purpose, the Manpower Consultative Service administers financial incentives to encourage the establishment of manpower planning groups in companies, coordinate public manpower adjustment programs to supplement private plans, and provide technical advice concerning internal manpower adjustment processes. From its introduction in 1964 to February 1969, the Manpower Consultative Service entered into 54 manpower assessment programs affecting 60,000 employees and 16 mobility incentive programs.

f) Vocational Rehabilitation

Another program whose primary function is to prevent long-term unemployment and poverty is the Vocational Rehabilitation program. Persons who are suddenly handicapped as a result of an accident or illness and persons with birth defects who are reaching their labour market entry age can be given occupational therapy and rehabilitation before their unemployability forces them into the ranks of the poor. Such services are provided by the provinces and financed on an equal-cost-sharing basis by the federal and provincial governments under the Vocational Rehabilitation of Disabled Persons Act (1962). All provinces except Quebec participate. The services include medical, social and vocational assessment, restorative services and counselling, provision of prosthesis, vocational training or educational upgrading, allowances, work conditioning, and provision of tools, books and equipment for employment.

In 1968-69, about \$8,000,000 were spent jointly by the federal government and the nine participating provinces under the Vocational Rehabilitation Agreements. In the preceding year about 4,500 handicapped persons were reported as vocationally rehabilitated. In the case of physical handicaps, upgrading from manual to white-collar work is frequently required. In 1965-66 more than one-tenth of the expenditure went into university education. Of those rehabilitated in 1967-68, nearly 3,000 obtained employment. Their weekly earnings averaged \$55. In addition, there were benefits resulting from the reduction of the dependency costs of these persons.

g) Other programs and projects

(i) Training facilities

One element in the upgrading of the skills of the poor is the availability of training facilities. The former Technical and Vocational Training Act provided for federal cost sharing with the provinces for the construction of training facilities. The new Adult Occupational Training Act provides for a loan system in the future and a phase-out arrangement in the meantime. By this transitional arrangement the federal government may enter into an agreement with any province for the payment of an amount for approved construction up to a stated maximum determined by a formula based on population. \$80,000,000 are allocated for this purpose for 1969-70. The new loan system is to assist provincial governments in the purchase and construction of occupational training facilities approved for adult training.

(ii) Immigrant Adjustment Assistance

Immigrants are not eligible for normal social welfare benefits until after their initial placement in employment. In Quebec the provincial government does not assume responsibility until the end of a 12-month residence period. To assist independent immigrants who get into financial difficulties during this initial period and to keep them from slipping into persistent poverty, the Department provides the necessary assistance for basic requirements such as food, shelter and medical attention.

(iii) Agricultural Manpower and Labour Movements Programs

The Agricultural Manpower Program is designed to improve the efficiency of the agricultural labour market by ensuring that

surplus manpower becomes available to meet peak seasonal needs. For this purpose, the federal and provincial governments enter into annual agreements to share the costs involved in finding available workers, in helping them to reach areas where large seasonal needs exist, and in stimulating and assisting employers to improve working conditions. During the 1967 season approximately 90,000 workers were placed in agriculture through the utilization of the combined services of the Department and the provincial authorities.

In addition, the Department participates in the Canada-U.S.A. Agricultural Labour Movements' Program, which serves the purpose of easing agricultural labour market problems by facilitating the movement of seasonal workers across the international boundary with the U.S.A. Canadian workers from Quebec and New Brunswick thereby get the opportunity of getting potato-harvesting jobs in the state of Maine, while U.S. tobacco workers enter Canada to work in Ontario. In 1968, 1,700 Canadian workers crossed the border under this program.

(iv) *The Halifax outreach project*

One obstacle to matching job openings and unemployed persons aside from skill deficiency and geographic mismatching which are discussed below, is the failure of some poor people to register with the employment service. The reasons, which are often not understood by the public, are sometimes ignorance, sometimes a fear of the bureaucratic setting, or perhaps simply hopelessness. A complementary impediment is the unwillingness of employers with appropriate job opportunities to report or advertise them because their filling is not sufficiently urgent to the employer, the failure of employers to lower qualification requirements to a level commensurate with the actual job requirements, and the lack of support in the work situation for people with difficulties.

One attempt to cope with these problems has been an experimental project, the Göttingen Street Special Outreach Project, which was established in a poverty area of Halifax in 1967. Its objective was to encourage local residents, so-called "hard-core" unemployed, to make use of Canada Manpower Centre services and to place them in jobs. The project was set up in close cooperation with a social development agency, the Halifax Neighbourhood Centre, already operating in the district. Local unemployed were hired as "field officers" to provide the outreach approach

and to look for jobs in local firms. The intensive job-finding effort resulted in a better placements-registrations ratio in 1967-68 than that of the total Halifax Canada Manpower Centre area. Recently the project has been made permanent and converted into a Canada Manpower Centre Branch Office.

h) *Research*

The Department has an extensive research program, both intramural and extramural. A comprehensive list is contained in the Department's submission to the Special Senate Committee on Science Policy. In this brief only those research projects which are directly relevant to the problems of poverty are mentioned.

(i) *Intra-departmental research*

The Department is currently undertaking a number of relevant research projects. One of them will determine the characteristics of the recipients of Immigration Adjustment support and identify the principal reasons underlying the need for assistance. Another is an analysis of the Indian Relocation action research project to identify the factors which contribute to the successful relocation, training and employment of Indians and their families. A future project is to conduct a survey of those CMC clients who are not referred to training, are not given a mobility grant and have difficulty finding suitable employment. Finally, a project is underway to study how employment opportunities for handicapped persons are affected by technological changes occurring in the economy.

(ii) *Research Grant projects*

The Department has three research grant programs. First, there is the general Manpower and Immigration Research Grants Program. A directly relevant project financed by this program is a study by Dr. W. A. Head (Social Planning Council of Metropolitan Toronto) of the occupational and demographic characteristics of unskilled migrants to a specific community in Toronto.

Under the Vocational Rehabilitation Research Grants Program a number of directly relevant studies are being undertaken:

- D. A. Chambers, Ontario Hospital, London, Ont., "An Appraisal of the Skills and Work Potential of Mental Health Patients".
- D. Friedlander, Jewish Vocational Services, Toronto, "The Measurement of Affective and Attitudinal Changes in Emotionally Handicapped Clients Served

in a Vocational Rehabilitation Centre and its Use in the Prediction of Outcome of Long Term Work Adjustment".

—D. Gibson, University of Alberta, "Predicting Vocational Success for the Mentally Retarded".

—H. I. Day, Ontario Institute for Studies in Education, "An Examination of Intrinsic Motivation of Unemployed Male Adults".

—E. I. Signori, University of British Columbia, "Attitude toward Hiring of Socially Disadvantaged Persons".

—M. Friedman, Jewish Vocational Service of Metropolitan Toronto, "Operant Conditioning Techniques Applied to a Rehabilitation Work-Shop to Improve Motivation and Work Habits: A Feasibility Study".

—D. Gibson, University of Calgary, "Actuarial Forecast of Vocational Habilitation of Mentally Retarded Youth".

—W. L. Lockert, Canadian Hearing Society of Quebec, "The Employment and Utilization of Graduates of Schools for the Deaf in Metropolitan Montreal".

The third grant program is the Manpower Training Research Program which involves cost-sharing with the provinces. The most relevant projects under this program are:

—"A Study of Factors in Workers' Decision to Forego Retraining", Ontario.

—"A Study of Adult Education Drop-outs", Ontario.

—"Operation Depart", (A study of educational needs and facilities at the local level with implications for local action), Quebec.

—"Operation Sesame", (an action research project to experiment with methods to train the socially disadvantaged), Quebec.

2. Relationship with other policy areas

a) *Aggregative economic policy*

Aggregative economic policy, that is, fiscal-monetary policy, determines the level of aggregate demand, while selective or structural policy affects the structure of the supply of productive factors. They both affect the level of unemployment and the rate of inflation, but structural policy only by reducing the conflict between full employment and price stability and thereby improving the trade-off choices available to fiscal and monetary policy-makers.

In addition, manpower policy can be used as an aggregative or anticyclical policy tool. Training can be concentrated in periods of low employment when training would absorb idle manpower rather than manpower for which jobs are waiting. Idle plant facilities can be used for some of the training to avoid the need for a cyclical expansion and contraction of school facilities. At the same time the training expenditures in the form of allowances, trainer salaries, materials, etc., will stimulate consumer demand in a most direct way.

On the other hand, while training can be concentrated in periods of slack demand its effectiveness and that of other manpower policies depend on the maintenance of adequate labour demand in the long run. A lack of job openings will make it impossible for graduated trainees to put their new skills to productive use and these skills may consequently atrophy. The limitation to mobility is job openings rather than job-seekers and this limitation is aggravated by labour market slackness. Much of the effectiveness of the employment service activity, too, depends on the supply of job opportunities.

The general labour market conditions are particularly important to the impact of manpower policy on poverty. Labour market slackness affects particularly seriously the job opportunities for unskilled and semi-skilled labour. Under tight labour market conditions, on the other hand, employers tend to change their conception of employability and accept persons who would be considered unemployable under other conditions. This makes it easier not only to place trainees but also persons without training.

Professor H. G. Johnson has gone as far as to argue that not only is a high-employment policy essential for a successful anti-poverty manpower policy, but a tight labour demand policy should be the primary antipoverty weapon.

The really effective solution to the problem of poverty lies in raising the level of demand for goods and services—and, therefore, for labour—to the point where poverty, instead of being part of the natural order of things, becomes a signal of economic waste that it will pay someone to take steps to eliminate. The key to the solution of the poverty problem, therefore, is not simply to try to educate and train the poor up to the

point where someone will find them employable at a decent wage, but to raise demand so as to make labour scarce enough for it to be privately profitable to find a way of making the poor employable at a decent wage. Public policy [of the structuralist kind] can play a useful role in this solution, by helping the poor to move into a position among the non-poor; and by so doing it can help to prevent a rise in aggregate demand from generating intolerable inflationary pressure. Public policy could also assist the process of reducing poverty by taking care of those who are too old or too inconveniently situated to make the upward move out of poverty, and to compensate those of the retired who are likely to be impoverished by the inflationary consequences of the shift to a tight market for labor. But in the absence of a policy of raising the demand for labor to the stretching point, ad hoc policies for remedying poverty by piecemeal assaults on particular poverty-associated characteristics are likely to prove both ineffective and expensive.¹

Whether aggregative policy should be the primary antipoverty weapon and whether the negative side effects of a very tight labour market can be justified on the basis of its positive effects is perhaps debatable. The important point here is that a full-employment policy is an essential component in any anti-poverty strategy.

b) Area development

Since the effects of aggregative policy do not distribute themselves equally across the country, area development policy is used to assist areas that are otherwise not successful in reaping benefits from general economic growth. Such a policy must be coordinated with manpower policy. Certain skills necessary for the development of an area may not be available in the resident labour force. Such skills must be developed in the resident labour force by training unless they are brought in from other areas. Mobility is necessary in the development of growth centres in underdeveloped areas.

These needs are being met by the Department's participation in area development under the Canada Fund for Rural Economic Development Act, which is in progress in the Mactagnac and Northeast areas of New Brunswick, the Interlake area of Manitoba, the Lower St. Lawrence, Gaspé and Îles de la Madeleine area of Quebec, and Prince Edward Island. The participation involves the provision of OTA training and allowances, mobility assistance and resettlement incentives and, to a limited extent, the financing of training facilities. The average annual commitment of the Department is about \$25 million.¹

3. Conclusion

In conclusion, the Department would like to underline two of the points made. The first is the importance of an adequate level of aggregate labour demand to any anti-poverty strategy. Without this condition manpower policy cannot be expected to make a significant contribution to the reduction of poverty among labour force participants.

The second is that the dividing line between labour force participants and non-participants is really a large blurred area. Many people are non-participants because employers consider them unemployable and consequently they consider themselves as such. Yet employability significantly depends on the pressure of labour demand, on the opportunities for training, rehabilitation and mobility assistance, and on certain institutional structures which can act as barriers for some people. To the extent that unemployable persons are the responsibility of income maintenance policy while manpower policy carries a significant responsibility for employable persons, there is then a trade-off between income maintenance and manpower policies. This means that either a person can be considered as unemployable and supported by transfer payments or the resources are spent on making him employable. Such resources may often be extensive, involving research and the development of new training technologies, but given their effect over a lifetime they are often warranted.

¹Harry G. Johnson, "Poverty and Unemployment", *The Economics of Poverty: an American Paradox*, ed. Burton A. Weisbrod, Prentice-Hall, Inc., Englewood Cliffs, N.J., (1965), pp. 169-70.

¹ Northeast New Brunswick: \$25 million over 10 years starting in 1966; Mactagnac: \$2 million over 10 years starting in 1966; Interlake: \$16 million over 10 years starting in 1967; East Quebec: \$92 million over 5 years starting in 1968; Prince Edward Island: \$7 million during the first 5 years starting in 1968.

As an example, take a 30-year old man who without any manpower assistance would be a perennial welfare ward, requiring annually \$3,000 for his family. Even with occasional work bringing in \$1,000, \$2,000 would have to be paid to him in welfare assistance. Until the end of his working life at about 65 this amounts to \$70,000 in welfare payments. If these resources were instead put into upgrading his education and training him, it would most certainly have cost society much less as well as resulted in a better life for him and his family.



First Session—Twenty-eighth Parliament
1968-69

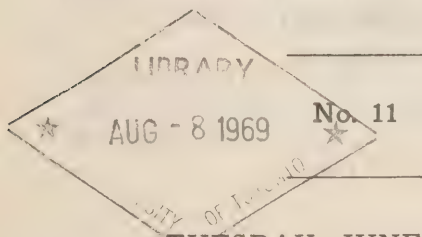
THE SENATE OF CANADA

PROCEEDINGS

OF THE
SPECIAL SENATE COMMITTEE
ON

POVERTY

The Honourable DAVID A. CROLL, *Chairman*



TUESDAY, JUNE 17, 1969

WITNESSES:

From the Department of Agriculture: Dr. R. P. Poirier, Assistant Deputy Minister (Economics); Dr. G. P. Purnell, Director General, Economics Branch; Mr. J. S. Parker, Special Assistant, Resources Utilization; and Mr. R. A. Stutt, Economist, Economics Branch.

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman*.

The Honourable Senators:

Bélisle	Hastings
Carter	Inman
Cook	Lefrançois
Croll	McGrand
Eudes	Nichol
Everett	Pearson
Fergusson	Quart
Fournier (<i>Madawaska-Restigouche</i> ,	Roebuck
<i>Deputy Chairman</i>)	Sparrow

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

TUESDAY, June 17, 1969.

Pursuant to adjournment and notice, the Special Senate Committee on Poverty met at 9:30 a.m. this day.

Present: The Honourable Senators Bélisle, Carter, Croll, Fergusson, Fournier (Madawaska-Restigouche), Inman, Pearson, Quart and Roebuck. (9)

In attendance: Mr. Frederick Joyce, Director, Special Senate Committee on Poverty.

And From the Department of Agriculture: Mr. G. Boucher, and Dr. A. B. Andarawewa, both being Economists from the Economics Branch of the Department.

On behalf of Committee members, the Chairman paid tribute to the memory of the Honourable Senator Clement O'Leary, deceased, who had served as a member of the Committee.

Information which had been requested, from the Unemployment Insurance Commission, on Tuesday, June 3, 1969, was tabled and included in the printed proceedings (*See Appendix "L" to today's Evidence*).

A brief, prepared by the Department of Agriculture, was submitted and ordered to be printed as *Appendix "M"* to this day's Proceedings.

The following witnesses were introduced and heard:

Representing the Department of Agriculture:

Dr. R. P. Poirier, Assistant Deputy Minister (Economics);

Dr. G. P. Purnell, Director General, Economics Branch;

Mr. J. S. Parker, Special Assistant, Resources Utilization; and

Mr. R. A. Stutt, Economist, Economics Branch.

(*Biographical information respecting Drs. Poirier and Purnell follows these Minutes.*)

At 12:45 p.m., the Committee adjourned until 9:30 a.m., Thursday, June 19, 1969.

ATTEST:

E. W. Innes,

Acting Clerk of the Committee.

BIOGRAPHICAL INFORMATION

Rolland P. Poirier, B.A., B.S.A., M.Sc., Ph.D.: Born July 20, 1917, at Outremont, Que.; Obtained his Bachelor of Arts degree at the University of Montreal in 1938, (Collège Jean de Brébeuf). The three years from 1938 to 1941 were employed in working as accountant for insurance companies and construction contractors. In 1942, enrolment in the Canadian Army as officer-cadet and later obtained the grade of Lieutenant of Artillery. One year of military service in Canada and two years in Europe participating in the campaigns of Normandy, Belgium and Holland and returned to Canada during the summer of 1945. In 1941, married to Mariette Lachapelle; three sons, Jacques born in 1943, Jean-Guy born in 1947 and Claude born in 1951. Back in civilian life in 1945, entered Institut Agricole d'Oka (Montreal University) and graduated with a degree of Bachelor of Agricultural Science in 1949. From 1949 to 1953, studied at Iowa State University and received a M.S. degree in 1951 and a Ph.D. degree in 1952, major was genetics and the two minors were poultry and statistics. From 1953 to 1957 taught genetics, animal breeding and plant breeding at the Institut Agricole d'Oka. From 1957 to 1959 was provincial sales manager for the Feeds Division of the Maple Leaf Mills Ltd., in Montreal. From 1959 to 1962 taught poultry production and animal breeding at Macdonald College (McGill University). From 1962 to 1967, Dean of the Faculty of Agriculture, Laval University, Quebec, and Professor of Animal Breeding. Since the 1st of June 1967, Assistant Deputy Minister, Federal Department of Agriculture, responsible for the Economics Branch and international collaboration in agriculture. Member of the Agricultural Stabilization Board. Was President of the Montreal Section of the Corporation des Agronomes during three years. Was Vice-President of the Corporation des Agronomes de la Province de Québec during two years. Member of the Ontario Institute of Professional Agrologists. Canadian representative to the Committee on Higher agricultural education of OECD in Paris. Vice-Chairman, Committee for Agriculture, OECD. Was president and then member of the National Consultative Committee on Agriculture for Expo 67. Was Vice-President of the Royal Commission on Agriculture for the Province of Quebec. Is Governor of the Agricultural Economics Research Council of Canada. Commander of the Order of Agricultural Merit of the Province of Quebec.

* * * *

Purnell, Glen Rex: R.R. No. 2, Richmond, Ontario. Place of birth: Cardston, Alberta; Age: 38; Education: 1952, Bachelor of Science, Utah State University; 1953, Master of Science, Montana State College; 1959, Doctor of Philosophy, Iowa State University. Major subject in each case: Agricultural Economics. Experience: 1953-54, Fieldman, Federal Land Bank of Spokane; 1954-55, Assistant secretary, Oregon Wheat Growers' League; 1955-57, Executive Secretary, Oregon Soil Conservation Commission; 1957-59, Research Associate in agricultural policy, Iowa State University; 1959-61, Assistant Professor of Agricultural Economics, University of Idaho; 1961-63 (Aug.), Director of

Economics, Alberta Department of Agriculture; 1968, Director General, Economics Branch, Canada Dept. of Agriculture; 1963, 3 months as Marketing Consultant to FAO in Bechuanaland; 1967, Agricultural Economist with Canadian Agricultural Task Force to India; 1965-67, Vice-President, Board of Governors, Agricultural Economics Research Council of Canada; 1968-69, President, Canadian Agricultural Economics Society.

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Tuesday, June 17, 1969.

The Special Senate Committee on Poverty met this day at 9.30 a.m.

Senator David A. Croll (*Chairman*) in the Chair.

The Chairman: I call the meeting to order. Before we hear the witnesses for this morning, I thought I should say a word about one of our members.

Senator Clement O'Leary's untimely death at the age of 52 has grieved and saddened us all. He was a most valued member of this committee, and was one who was dedicated to the interests and plight of the poverty stricken. He attended the meetings of this committee with consistent regularity and his participation was both pertinent and able.

The members of the committee extend to his wife and his children our deepest sympathy.

Senator Fergusson: Mr. Chairman, will a suitable letter be sent to Senator O'Leary's widow?

The Chairman: Yes, we will see to that.

The Unemployment Insurance Commission appeared before us on June 3. The Chief Commissioner, Mr. J. M. Des Roches, who spoke for the Commission, was asked to provide us with an estimate of the cost of sickness and maternity benefits as well as a brief analysis of like programs in other countries. He wrote to me on June 11 last. I am putting on record a copy of his letter. (*See Appendix "L" to Today's Proceedings*). A copy of it will also be in each of your offices sometime today.

The brief this morning, is from the Canada Department of Agriculture. (*See Appendix "M" to today's Proceedings*). It is being spoken to by Dr. Rolland P. Poirier, who is a distinguished civil servant, who taught poultry production and animal breeding at MacDonald College (McGill University), from 1959 to 1962; and from 1962 to 1967 he was Dean

of the Faculty of Agriculture, Laval University, and Professor of Animal Breeding.

Since June 1, 1967 he has been Assistant Deputy Minister, Federal Department of Agriculture, responsible for the Economics Branch and international collaboration in agriculture. His *curriculum vitae* will be printed, it is quite an extensive one.

With him is appearing Dr. G. R. Purnell, Director General of the Economics Branch. His *curriculum vitae* will also be on record.

Also appearing are Mr. J. S. Parker, Special Assistant, Resources Utilization; Mr. R. A. Stutt, Economics Branch; Mr. E. Boucher, Economics Branch; and Dr. A. B. Andarawewa, also of the Economics Branch.

I am sorry that it is not possible for us to have the interpreters here this morning; they are all spoken for, and there is a very limited number. Dr. Poirier, who was going to make his presentation half in French and half in English, will speak entirely in English.

Dr. R. P. Poirier, Assistant Deputy Minister (Economics), Department of Agriculture: Mr. Chairman and honourable senators, it is a pleasure and honour for us to appear before this committee of the Senate and to discuss with you the problems of poverty and to give our views regarding certain methods for its alleviation.

If you would permit me, I would like to start with one or two general remarks pertaining to your work.

My first remark is that the agricultural sector of our economy, because of its growth factor, cannot, in our opinion, be considered as one to generate a considerable contribution to the solution of total poverty in Canada. The group of primary producers in agriculture, as described in our statistics, already contains a considerable proportion of people under the level set up by the Economic Council of Canada as the poverty line. The best that agriculture can achieve in the next 10 years is to provoke adjustment which will, we hope, permit some of our low-income

farmers to reach a level of income which will pull them out of poverty. For each low-income farmer pulled out of poverty, probably two, three or even four low-income farmers will probably leave the sector of agriculture, either through a retirement mechanism or a transfer of employment to another sector of our economy. So, in terms of the complete balance sheet on the future of the poverty problem in Canada, we think that the present agricultural population will probably receive more than it will contribute in the solution of the total problem.

My second remark will consist, I hope, of a certain change of pace to the usual grim outlook presented here to you. I would like to suggest that with all our past and present shortcomings in dealing with our social problems, we Canadians have made, however, stupendous progress in the short period of one generation. I would like to illustrate this by three comparisons.

First, let us compare the Economic Council definition of poverty, at \$4,200 for a family of four, with a similar definition that we would have given, say, in 1932, when a large number of city families of many members were sent to subsistence farming and colonization, which were looked upon at that time as an improvement of their economic situation.

We can compare also the same Canadian definition of the poverty line with the revenue of certain successful and, at that time, satisfied farmers in Japan, in 1961, for instance, who, with a net family revenue of \$1,000 a year, were able to save on an average of \$120 as reinvestment in their farm.

And, finally, let us compare the Canadian poverty line with the actual fact that out of 140 countries in the world, very recent statistics of the World Bank, for 1966, indicated that in terms of Gross National Product per person—which, of course, is always larger than the personal revenue—100 countries had a per capita Gross National Product lower than \$500; and, furthermore, 60 of these countries, representing more than 60 per cent of our world population, had a per capita Gross National Product of less than \$200.

I am therefore quite proud that Canada, 35 years after a great depression which was followed by a world war, can now embark on a program to reduce poverty as defined by the level indicated by the Economic Council.

I will now revert to the subject matter of our brief. The main concern of the Canada

Department of Agriculture in respect of poverty is the low income farm family. The low income farmers constitute about two-fifths of what we call the rural poor. The department has a long history of encouragement and financial assistance to farmers to help them to obtain the needed production and to provide assurance of their general welfare.

Assistance has been directed chiefly to farm improvements to ensure the development and production of quality products; research, experimentation and demonstrations concerning mechanization of technical innovations, higher-yielding crops and better and faster growing livestock, as well as soil and water use in conservation; and technical and scientific developments designed to increase agricultural productivity.

The department has prepared a brief concerning its position on the poverty problem. You have this brief in your hands at the present time. We will just give to you this morning the highlights of this brief, leaving time afterwards for questions.

The brief is divided into three general sections, dealing first with the problem of rural poverty, secondly the departmental policies and programs and, thirdly, current views on the problem of rural poverty. Finally, at the end of the brief you will find an appendix of programs of other departments of the government of Canada insofar as these programs have a bearing on the relief of rural poverty.

I will now ask Dr. Purnell to give you some of the highlights on the three sections that have been mentioned.

Dr. G. R. Purnell, Director General, Economics Branch, Department of Agriculture: Thank you, Mr. Chairman. Honourable senators, in the area of the problem of rural poverty in Canada, we realize that poverty exists in rural as well as urban areas, among the white population and among the Indians, Metis and Eskimos. It is most prevalent percentage-wise in the Atlantic provinces and is found to a lesser extent in other sections of the other provinces.

Because of its historical and intimate association with rural people and their problems, the Department of Agriculture has a vital interest in the formulation and implementation of policies and programs affecting rural people. Although agriculture has contributed significantly to economic growth many engaged in the industry are actually deprived.

Poverty in rural areas has been largely caused by imperfections in the agricultural adjustment process. Technological development in agriculture requires that some farmers adjust their farm organization while others move out of agriculture if returns are to be adequate. However, due to capital, managerial and institutional restraints, personal preference, age, lack of education and other reasons a segment of farmers is trapped in agriculture, unable to establish viable farms or leave the sector.

Problems arise in the measurement of poverty. The two statistical measures of poverty most often used are the fixed income or poverty line and the construction of family budgets. Limitations of data impede the statistical measurement of poverty and there are wide differences in estimates of numbers of poor people. An estimate made for the Economic Council of Canada, using 1961 census data, suggested that 44 per cent of all rural families in Canada were poor, and of these two-fifths, 40 per cent, were farm families. About one-third, 33 per cent, of the poor farmers resided in counties considered to be pockets of rural poverty but two-thirds, 66 per cent, were in the more prosperous regions.

Senator Fergusson: That is two-thirds of the poor?

Dr. Purnell: That is correct. The position paper on the "Low-Income Sector in Canadian Agriculture" prepared for the Federal Task Force on Agriculture estimated that 55 per cent, 238,000 out of a total of 430,522, of Canadian farms were included in the small farm sector in 1966. This was based on the assumption that farmers depend solely on income received from farming operations and that gross sales of farm products lower than \$5,000 are inadequate. Although there was a large concentration of the very young and old in this group, men in their prime constituted the majority. This sector embraced 75 per cent of all farms in Quebec and the Atlantic provinces. The northern fringe of agriculture, which cuts across Ontario and the Prairie provinces, displays a similar pattern.

When wages for off-farm work are included and gross sales of farm products lower than \$5,000 are taken as the designation of low income, the Task Force's position paper on the "Low-Income Sector in Canadian Agriculture" made a second estimate of 170,000 low-income farmers in 1966. Allowing an element

of error due to a reduction in financial needs according to advancing age and an arbitrary off-farm wage, an adjustment was made and resulted in a final estimate of 120,000 low-income farmers in 1966. That represents about 28 per cent of the total farmers in Canada and involves approximately 550,000 people in those 120,000 farms. There are about 550,000 people involved.

As poverty does not result solely from an individual's own making but is due to circumstances largely beyond his control, his social and economic problems are increasingly the concern of governments. A national program to eliminate poverty is a logical step. Technically it is possible for all Canadians to achieve a socially acceptable level of living. This goal should be recognized as a matter of social justice.

Conditions in rural communities that influence and determine poverty programs are different and distinct from those in urban areas. First, the incidence of poverty is greater in rural areas. Second, average income of the predominantly rural occupations are not only lower than those in other sectors but are unequally distributed. Incomes in rural communities depend largely on the production and marketing of agricultural products. Agricultural production is carried out by a large number of individuals and independent farm operators. A large proportion of these operators are in the lower sales bracket. At the same time, in contrast with industry, there are no institutions or programs in agriculture which smooth out the fluctuations in income arising from changes in factor and product prices. Rural communities do not have ready access to resources and services required for economic and social development and to eliminate poverty conditions. The voice of the rural electorate in national affairs has diminished and there is a danger that the views of the rural poor will be ignored. Lastly, there is a concentration of workers in primary industries in rural communities who are exempt from minimum wage legislation. Often these communities are geographically dispersed and located at great distances from urban centres, highways and schools. All these features of rural communities call for poverty programs and lines of action different from those for urban areas.

In Section II our brief deals with the current Department of Agriculture program and the relationship of this program to rural poverty. Throughout the years a great number and variety of assistance programs for

farmers at all economic levels have been established and carried forward by the Canada Department of Agriculture. These have ranged from the early assistance to settlers for development purposes and efforts to affect regional agricultural disadvantage to current programs for production and marketing assistance, price and income maintenance, supplementary income assistance and emergency relief, research, education and extension.

Departmental policies and programs are directed mainly to the agricultural industry as a whole with emphasis on efficiency. Recently more attention has been given to resource use and adjustment problems, and social and economic conditions of disadvantaged farm people.

Current appraisal of the overall farm problem by the department places farmers into three broad groups. These are: (1) the commercial farmers, (2) farmers with the potential to become commercial farmers, and (3) farmers operating under economic and social conditions that offer no chance of establishing successful farms. Problems of poverty are found with respect to those in the third class and to some extent in the second class.

Changes in and development of new federal agricultural problems have occurred with important changes in the structure of the industry and technology and as new domestic and world market situations have developed. The trend is to farm measures for increasing economic and social opportunity in production and marketing and to measures for price and income stability. The social welfare aspect of these measures is difficult, if not impossible, to measure. With provincial programs they provide a degree of extra support to disadvantaged areas and to disadvantaged rural people as a broad overlay of rural welfare.

There are a large number of departmental measures available to farmers for production assistance. Substantial agricultural productivity growth can be traced to these measures which have improved the quality of resources.

A major step in assisting farmers has been the expansion and availability of federal long-term credit through the Farm Credit Corporation and a guarantee of bank loans under the Farm Improvement Loans Act. The Farm Credit Corporation has pioneered the provision of supervisory and management services to farm borrowers under part III of the Act. This is a forerunner of a type of

farm management service which is expected to find general application in the future.

Some consideration is being given to a separate credit programme for these low-income farmers who could become successful if provided with adequate resources. This type of credit could be extended over a relatively long period and integrated with educational and advisory services and management aids. Some changes in the present credit constraints relating to equity would appear to be needed.

Unemployment insurance coverage has been extended to workers in horticulture and agriculture since 1967, where the stipulated coverage conditions exist. In Ontario, coverage of farm workers under the provisions of the Workmen's Compensation Act is mandatory but is available only upon application in the other provinces.

The Canada Department of Agriculture, in conjunction with the provinces, has developed a comprehensive national farm management service. A major component of this service is the Canadian Farm Management Data System (CANFARM), which will use modern data processing techniques in a system designed to record, process, analyze, report and store farm management data. These services will be available to all farmers for the keeping of farm accounts, together with an analysis of these accounts, and a comparative financial picture of other farms. This system is expected to be completely operational throughout the country in 1970, with further developments on the system taking place over the following two years.

Price and income maintenance programs have been made available to farmers by the Department of Agriculture for the last two decades. These programs are based on the experience acquired in administering price ceilings during World War II. The development of producer marketing boards, too, has helped to reach the goals of price stability and equitable income distribution.

Federal research in agriculture is carried out at more than 60 centres across Canada. The agricultural research effort of the federal government in 1966 represented 68 per cent of all Canadian public agricultural research in terms of man-years; universities accounted for 23.5 per cent and provincial governments for 8.5 per cent. The research program of the department has greatly contributed to increases in productivity.

Of particular relevance to the rural poverty program is research dealing with economic and social problems in agriculture. While the research program of the Economics Branch of the Department covers a wide range of categories, the disparity in the amount of research in this field, as compared with other fields, is of some concern. In 1966, only 8.1 per cent of the total agricultural research effort in Canada was in this field. The department is now reorganizing the Economics Branch and broadening its research in the economic and social problem areas.

The relatively low level of formal education achieved by a majority of farm operators continues to be a matter of concern. In 1961, only 32 per cent of the farmers and farm workers had more than an elementary school education as compared with 75 per cent of those engaged in managerial occupations elsewhere in the economy. The provision of technical and vocational training to prepare or upgrade rural youth and adults for either agricultural or non-agricultural employment is an essential type of government assistance that enriches our human resources.

Because of the legislative responsibilities assigned to the provinces, the major share of the department's research findings are passed on to farmers through the local provincial agricultural representatives. However, our department also plays an important role in the field of extension.

The third section of our paper deals with the re-orientation of poverty policies and programs for the farm population. Current agricultural policy is designed to improve efficiency and competition in production, to stabilize farm prices and increase income, to protect the farmers from natural disaster and unfair competition from abroad, and from this the development of adequate market structures.

A wide array of programs provides research and advisory services, credit price supports, crop insurance, marketing agencies, export incentives and other services. The primary role of the Department of Agriculture in solving low-income problems is to develop and implement programs for the farmers who have the capacity to become commercial farmers.

It has a secondary role in the development of programs of education to assist farmers who wish to find full or part-time off-farm employment. As a third role it has to articulate the views of the rural population who are

unemployable because of factors such as age and physical or mental disability, and to assist in the development of appropriate measures.

The best approach would include (a) continuation of present programs applicable to commercial farmers and new programs for substantially commercial farmers (b) programs for those who wish to leave agriculture and find off-farm employment and (c) programs for the unemployables. The department's degree of involvement would range from complete responsibility for plans and administration in the first to consultation only in the execution of the last.

To carry out the suggested additional consultative services the Department of Agriculture would need the services of persons with economic and sociological training. Their role could be to develop and implement adjustment programs and co-ordinate them with those of other departments. A corps of rural field officers could be under their supervision to provide individual counselling and information to rural people. They could serve as an information link between rural people and government programs at all levels. The counsellors could help rural people identify their problems, choose alternatives and make decisions. The policy operational arrangements could be made through existing local, provincial and federal agencies to ensure that more rural people are aware of opportunities offered under existing programs. They would also feed information back to the implementing agencies.

Specific guidelines and assistance to marginal farms could include programs such as Canfarm and farm management advisory services, provision of credit, crop insurance, and production recording systems such as Record of Performance (R.O.P), and a voluntary early retirement program for farmers.

For those leaving agriculture the department, through programs of other federal departments, could arrange for training and retraining for non-farm jobs, relocation assistance and guidance, and assistance in the establishment of employment-creating industries in rural areas. The development of more non-farm job opportunities in the farm service field and better infra-structure ought to be encouraged in rural communities to reduce relocation problems, permit older people to remain in familiar surroundings and prevent the movement of welfare problem cases to the cities.

Domestic food aid programs to increase the quantity and improve the quality of food consumed by low-income citizens could be considered. These programs include distribution of government-donated food and cash grants for local food purchases. Food distribution programs cover direct donations of food to needy pre-school children, charitable institutions, school children, child care institutions and individuals in vulnerable health groups. In Canada, while much study and research is needed on these programs, consideration might be given to the introduction of a school lunch program on a pilot basis.

Thank you, Mr. Chairman.

The Chairman: Who will be the first to start? Senator Pearson.

Senator Pearson: I read the fuller brief, the large one, through quite extensively. There is a lot of good in it. I think you made a very fine presentation there of the problems of rural people and of agriculture generally. I want to congratulate you on the brief. It was very well done.

In reading it through I wondered what we have actually gained. In spite of all the programs to assist agriculture, in spite of all the ideas of credit and such-like, you say that poverty is wide-spread in rural Canada. The question would seem to arise: is the government getting value for all these programs and all the efforts it is making in the agricultural area in its attempt to help?

There is a certain number of these programs that reach the poor in the rural areas but most of the programs do not affect them. They seem to be left out in the cold. Some of them, of course, are indifferent. They are in the condition that they are so poor that they cannot take advantage of these things.

What do you think we should do in this case? I noticed you suggested in this smaller brief that you might have counsellors go through the areas. My suggestion, and I notice you had it also in the smaller brief, was that you might have counsellors go through these areas. My suggestion would be that we should have a counsellor in every municipality where the poverty areas are more or less dominant. Perhaps it might well be that they should be in every county as well in the eastern areas. And I would suggest that they should live in those counties or in those municipalities. They should not live in the city and come out every once in a while when the roads are good, when there is no rain and

the weather is lovely, or when it is just generally a nice day and they might take their gun along to do a little shooting. I think these people have to get in touch with the situation and keep in touch with it. What do you think about that, Dr. Poirier?

Dr. Poirier: You have asked us a number of questions there. I will try to deal with the first one now. You ask what the many programs have actually achieved. This is very hard to answer because the points of reference are very hard to define. Perhaps the best answer would be to consider what the situation would be like if they had not been there. We know that agriculture in the last 25 years has changed considerably throughout the world and it is in serious difficulty. It is of much the same nature here as the situation in other countries. If we judge our programs with the results on farmers in other countries I would say our programs have been effective.

As to the poverty parts of agriculture, this has developed with the basic transformation of agriculture, as we have indicated. We have come now to a conclusion that it might be a good thing, and this we indicate in the paper, to have special programs for that part of the farm group. We are working on that insofar as presenting possibilities for changes in policy along this line.

Finally as to your remarks about counsellors, we have pointed out in our brief that this is a possibility. However, it does present, especially in the way you have indicated it, serious difficulties. In that respect there would be some difficulty knowing whether these counsellors should be under the federal government or under the provincial government. We have a long history in Canada of having extension in agriculture being almost entirely a provincial area of activity. We think it would not be impossible to find a formula. That is why we have indicated what we have in our brief.

However, I am of the view, and I think my colleagues are too, that if we do that we will have to have people located in these areas of poverty, within these areas of poverty, so that they would know exactly what was going on. They would have to understand these people. That is why we have indicated that these people should have a foundation in economics, if possible, and also in the social sciences, so that they will know what is going on.

Would you like to add to that, Dr. Purnell?

Dr. Purnell: I would like to raise a comment on the question raised by the honourable senator, particularly pertaining to the results of spending money through the Department of Agriculture, and the benefits that are received therefrom. We have all seen remarkable growth in developments in this connection. Actually between the years 1940 and the present we have seen where one farmer in 40 could produce enough for himself and 11 other people and to-day he produces enough for himself and 41 other people. That is just merely an indicator.

Agricultural productivity per man employed is growing at the rate of about 5.5 per cent per year as compared with 3.7 per cent per year in manufacturing productivity per employee. The debt ratio in agriculture is about 18 per cent, one of the lowest debt ratios of any sector of the economy. Perhaps this can be attributed in part to the kind of programs operating in this area.

We see that consumers, too, are benefiting greatly from the developments in agriculture, where to-day only 18 per cent of the per capita disposable income is required to place the food on the tables of our consumers in this country.

In terms of the impact on small farms, and low-income farms particularly, we note that between 1961 and 1966 the number of small farms in a particular category has decreased from 339,000 to 237,000. So that the adjustments are taking place and farmers are trying to roll with the punch, improve their situations and utilize the information, the new technological knowledge that is available to them. Thank you, Mr. Chairman.

Senator Carter: Before you leave your remarks on counselling, I wonder, Mr. Chairman, if we could be told if there is familiarity with the experiments that I think Mr. Saumier told us about in Quebec where they had counselling and various leaders for 100 years and then they decided that they would have to get rid of them and start from scratch among themselves?

The Chairman: He is talking of the Gaspé area. Are you aware of what is being done in that regard in the department?

Senator McGrand: That was counselling; it was not among the leaders.

Senator Carier: No. The leaders were mainly the business men, the better-off people in the community. But I also understood there

were sent there government officials of one kind and another who did some form of counselling or advising. They had to decide they would have none of it, that they would have to get rid of the whole works.

Dr. Poirier: You might be referring now to the extension service that they had in that region in the Gaspé Peninsula. Now they have a development project which has some very definite structure for the development of the full economy and there will be people there looking after the agricultural side of it. I think the greatest change from the past has been that these extension men in the past in the region were giving them advice on specific points of production, and that was about all. It was a region where the population was distributed very sparsely. They had difficulty in communication.

What they are doing now is that they will still have extension people but they will look much more closely at the total problem of the farm, and this is very similar to the program that we are promoting in CANFARM, that instead of trying to give advice in the future on how to grow a tomato better we will give much more advice on how to solve the economics problem of the farm as a farm manager.

That might be what you are referring to, Senator Carter, that through the FRED program in that area, and not only there but little by little in the rest of the province of Quebec, there will be a group of counsellors who will look much more after farm management than anything else, and these will be related through our CANFARM program with the rest of Canada.

Senator Fergusson: On this subject of counsellors, I would like to know how you approach the poor people or how do you get word to the poor farmers? My reason for asking this is that just within the last couple of months I visited a country that has recently been taken over by another country. Driving through it my guide pointed out to me that agriculture was blooming and going very well. He said, "You know, this is only since we have taken over that they have done this". And he said, "The reason is that we have people going out to the farmers and telling them how they can better develop what they have" I said, "That is all right but the people who owned this country before must have had this knowledge too, and didn't they make it available to their own farmers?"

His reply was, "Yes, they did have it, and they had very good people with good knowledge of this subject, but they just sent out notices and they sat in their own offices and the farmers could come to them and ask for help. The result was that most of the farmers were so poor that they could not afford to take off half a day from what they were doing to go and seek help which they didn't even know would be of value to them." And now when help is being taken, not forced upon them—and I suppose you could use the word "counsellors"—when counsellors are visiting and pointing out that on a particular piece of land something better than in the past could be raised there, they are willing and delighted to try. Now they are really becoming prosperous in that area in which previously the people were extremely poor.

That is a point I wanted to make. Are we trying to go to those kinds of people or are we just meeting the people who will come to a meeting or will write in or who will visit the offices that the department sets up?

Dr. Poirier: I want to note here that our situation is very different to that of the one in the country you are referring to in that in our country right now in agriculture we have many farmers who have very low incomes and we have problems arising from that situation. Most of the time, with these units, because of their size and the resources that are there, because of the capabilities of the individuals, it is almost impossible to generate sufficient revenue, revenue which is comparable to what you see other people getting. And in many cases it is an insoluble problem. We can just leave them there or we could improve their revenue somewhat; however, it would still be very inadequate because they just have not the resources.

Senator Fergusson: Would there not be some place where they could farm to better advantage than they are now doing, if they had proper advice?

Dr. Poirier: Yes. This is part of the program by which we are trying to re-organize some of the farms. And this is what I meant at one stage when I said at the beginning that if we are going to get some of these farmers over the property line we will have to eliminate others because we are limited in the total amount of products that we can produce in Canada, farm products. That is so for many reasons. If we are going to increase the productivity on a unit so that it will generate a certain amount of revenue, then mathe-

matically, and you cannot do it otherwise, it will have the effect of having a limited number of persons in that line of endeavour in our economy. That is the foundation of our problem right now.

Other countries have not reached this stage yet, and their problem is trying to raise an individual almost from the starvation level or with very, very low incomes to the next step in the ladder, and they are doing it by leaving them there. We have tested this, and if we want to generate on many of our units the revenue that the individual wants, he will not be satisfied if we only improve it by 10 per cent. In many cases you have to improve it to the extent of almost doubling it. And this is impossible unless we re-organize our units. By doing that we are going to have some of these people go and work elsewhere.

The Chairman: Senator Pearson.

Senator Pearson: The next question I wish to ask is with regard to education and its application to the poor farmers in the rural areas.

I feel, and I do not know whether I am wrong or not, that we might spend less money if we give the people in the fringe areas, the poor farmers in the fringe areas, a guaranteed income. Save the trouble of adult education. Some of the farmers are so far down in their educational standard that it is pretty hard to get them to understand if they do certain things they will be able to improve their condition in life. I would suggest that education should be aimed at the teen-ager or the grade-school child only, and not have adult education whatsoever.

Another point I would suggest is as to off-farm employment. I think this is largely a myth for these people who live in those fringe areas. It is hard to lift those people out of a community and set them into another area where they could get this off-farm employment. You cannot establish industry all over the northern areas of the provinces or in areas like eastern Quebec, etc. So I think the guaranteed income is possibly the only answer to this thing. What are your comments on that?

Dr. Poirier: I will start on that and I am sure that the other individuals here will go on with it. You have raised some important problems there.

As to education, I think we are exactly of the same opinion. Education through our different provincial systems is raising the level of

the young throughout almost all of Canada right now although it could be improved. We have available for some of the adults possibilities but it is limited. And when you speak of fringe areas we are of the same opinion.

On guaranteed income for farmers, of course if you have a system of guaranteed income for farmers what will the other members of society do about this? They will want this to be generalized. This then becomes a huge problem on which it is difficult for us to pronounce ourselves.

We have in our brief a method of achieving the same thing but only for a very small part of the farm population. However, they are very often the ones who, because of age, are most in difficulty. This is what we call our early retirement program. It is just in the process stage now.

We have come to this project from experience in other countries, but the main outlines of the project we envisage would be to have a farmer reaching a certain age, let us say 60 years, having the option to retire at that time. He would get his revenue from the pension plan, from the old age pension whenever it becomes available to him, but he would get added revenue in order to have an incentive for him to do this. However, he would have to give something for that. He would have to give over ownership of his farm. This is part of the project that we have laid down in our brief. Though this, of course, we would have for these people a method of guaranteed income. It would still be partial but we feel it would be a first step.

Senator Pearson: The federal government can deal with this directly?

Dr. Poirier: I think there would be an element which would be difficult, and that is what we do with the land, because the land would have to be returned to a certain organization, and certainly we would have to have the collaboration of the provincial people on what we do with the land. However, we could, I think, technically do it immediately through our FCC, the Farm Credit Corporation, that they could own the land temporarily, and it could be sold back to other farmers. And, of course, this would generate funds, and out of these funds we could take a part of the money needed for early retirement. But, after all, this still requires a bit of study. It is still just a general project only.

Finally, as to your off-farm work, of course that is a big problem. I think in the brief we indicate that we will still have remaining a certain number of persons who are classified in the brief as "unemployables". This will remain with us in agriculture. We are trying to find a program to have them generate some revenue and then if there is welfare on top of it, whatever form it takes, at least the outlay would be smaller, and these people would remain happy because they would stay where they are.

You may wish to add to that, Dr. Purnell.

Dr. Purnell: If you wish, Mr. Chairman, I could make a supplementary statement on that.

The Chairman: Yes, go ahead.

Dr. Purnell: Briefly, in response to the question about education, I would concur with what Dr. Poirier has said, of course indicating that the nature of the program designed must take into account the circumstances, the age, backgrounds and abilities of the individuals at various levels and various locations. So that for one group you may design a program which is emphasized as an educational opportunity, another might be retraining, another might be early retirement, depending upon the situation of the individual.

With respect to off-farm employment, a study made on behalf of the task force shows that of all farms in 1961, 32 per cent of the farm operators had off-farm employment of any significant length. In 1966, 38 per cent of the farmers in Canada had that kind of employment. And on a small farm basis, by 1966, 49 per cent of the small farmers had employment off the farm of some significant level. And the level of significance there I could get and provide for the record if you would like it.

The Chairman: Yes, if you would do that.

Senator McGrand: Is that available by provinces?

Dr. Purnell: Yes, it is available by provinces. We can leave this document, the information on low-income farms prepared by the task force if you would like it.

The Chairman: Yes, we would like it.

Senator Pearson: Just one more question, Mr. Chairman, if I may.

The Chairman: Yes, go ahead.

Senator Pearson: Up to date most of our programs of the federal government have been in the matter of training and other means of showing how to raise more produce, improve the soil, improve the quality of stock, improve this and that. You also mention the fact that marketing has been taken care of the some extent. My point is that marketing is the big problem. We have not got down to the basis of proper marketing of the produce from our farms. Until we do that we can go on enlarging our surpluses all the time but we cannot get rid of them unless we develop a proper marketing system.

A marketing system like our Wheat Board, as far as I am concerned, is just a dead duck. It has no way of getting out and selling produce except that they go out and see people and say, "We have so many bushels of wheat or so many bushels of barley." But there is no way of making deals, as far as I am concerned.

I could give a very clear instance of what I am speaking about when I say that one time I went to the Wheat Board with the possibility of the sale of a million bushels of barley. However, it was through an individual who wanted a commission. I said, "I cannot give you the name of this individual who wants to deal with you because the other fellow wants a commission, a signed statement that you will pay a certain commission before he will give you the names of the people who want to purchase this." They would not or could not give that. They could not go along with this idea of paying a commission because it was not in their make-up or in their contract with the government. That is the end of that story except that I did not get the million bushels sold.

It just seems to me if we had a sales force in the world with the idea that they could go out and make deals with the world they possibly would have a better chance of selling grain and other produce.

Dr. Poirier: Senator, you have raised two or three important issues here. We have indicated in our brief that there is a change within the department as to the importance of the difference between training for production and helping people solve their marketing problems. When I say that I mean the farmers. This is going on and we just hope that we will be fast enough in providing the help of all natures that is required for marketing advice. There is also provision for setting up methods by which perhaps we could extend

the marketing board authority, having a national marketing board, and other things of that kind.

You have raised one very special issue, that of the Wheat Board. You know that all of these activities are now under very close scrutiny and they are up for review. I am sure you are aware of that. I just wanted to remind you that the Wheat Board is under the Department of Industry, Trade and Commerce at present. I do not know if they will present a brief to you. However, if they do come before you I suggest that would be an opportune time to ask them as to the relationship between poverty and some of their selling methods.

I would like to point out that very recently we have, through the department, created a grain council, a council which is supposed to be representative of the different departments as well as, and mainly, the farmer groups, the industry, everybody interested in grain. They are all supposed to be included on it. Looking at their program we can see that one of the first points they want to deal with is somewhat along the lines of the suggestion you have just indicated to us. I sincerely hope that through this mechanism we will solve some of these problems.

The Chairman: Senator Fergusson, do you have another question?

Senator Fergusson: Yes, Mr. Chairman, but it is a different question.

Senator Pearson: I am all through. I will relinquish the floor.

Senator Fergusson: I am still interested in the question I asked earlier because I do not really think Dr. Poirier got my point. My point was not whether we could improve farms in Canada but whether the representatives of the government go to the really poor farmers, actually make personal contacts with them and discuss what better they can do, or do they wait for the poor farmers to come to them. That is my point, not the point of how we could improve production on poor farms.

Dr. Poirier: In answer to this question, Senator Fergusson, I just want to indicate again that most of the people that deal directly with the farmers are under the different provincial departments of agriculture. Some are quite efficient and others are less so. There is no doubt, with the restricted number of personnel we have in each one of these departments, that very often regions that do

not seem to be as interesting in results as others, have in some instances been neglected. I am sure of that. Now that we are trying to attack the problem of poverty as a special problem I sincerely hope we will find a mechanism to get to them. We have already done that, as I have indicated, in some of the projects like the FRED project. There has been a structure set up to do this. They are just at the beginning of their work. Whether they have achieved any worthwhile results yet, I do not know, but I sincerely hope they will achieve them.

The Chairman: I have Senator McGrand as the next one with a question.

Senator McGrand: While we are still talking about this counselling service, how many agricultural representatives are there in the various provinces under the jurisdiction of the federal Department of Agriculture and how many are there under the provincial jurisdictions? Have you that information?

Dr. Poirier: I am sure we haven't that. I will ask Mr. Parker. We can get it for you relatively easily. I mean we haven't it with us at the moment. However, we can get it for the committee, if you wish that.

The Chairman: Can you give the senator some approximate idea of how many and then you can give it to us later as to the exact number?

Senator McGrand: How many provincial agricultural representatives are there? I would think in the preparation of a brief suggesting counselling of farmers you would be informed as to the number of agricultural representatives and advisers already in the field.

The Chairman: Have you any idea at all? Could you give us any estimate?

Dr. Poirier: I don't think I can.

Dr. Purnell: May I comment on this, Mr. Chairman? Honourable senator, I will make two points. I would estimate you would have approximately 30 agricultural representatives in each of the provinces under the provincial jurisdiction at the present time in the Maritimes.

The Chairman: On a county basis?

Dr. Purnell: There would be perhaps more than one per county in a province such as Prince Edward Island.

Senator McGrand: There are regions, of course.

Dr. Purnell: Yes. In addition, there is the recent program of the departments of agriculture in the provinces which has led to regionalization, as the honourable senator mentioned, and they have placed specialists in those regional offices to support the local agricultural representatives. This means that there is a move in the direction of increasing the number of agricultural representatives. A range of 150 to 200 people in the extension programs in the Maritime provinces might be a fairly good "ball park" figure. However, we can get more accuracy, I think, and provide that later.

Senator Carter: Before you leave that, would you include the extension departments of universities in that group?

Dr. Purnell: In the Maritimes. Mr. Senator, there are very few in the extension operations in universities. There may be more in some of the other provinces.

Of course, in preparing this brief we recognize that the rural counsellors that are suggested here have a different function than the agricultural representatives as they have been known in the past; that is the agricultural representatives dealing with the question of efficiency and productivity and perhaps marketing. But these representatives who would be rural counsellors would have to be right with the people, go out to see the individual farmers, the low-income people, and talk to them on a peer basis, being essentially one of the peers of the group, and able to communicate with them, helping the farm people delineate their goals and determine what their objectives are, and trying to help them work towards achieving those goals. So, as I say, the functions of the agricultural representative and the functions of the rural counsellor might be considerably different. This is one of the reasons we did not provide the detailed information on the agricultural representatives. But as I say, this can be obtained.

The Chairman: You haven't any idea as to the number that you have in the field at the present time that are comparable to the provincial agricultural representatives?

Dr. Purnell: The Department of Agriculture, I would say, has practically no employees that are directly comparable to the provincial extension agents. We have infor-

mation officers attached to some of our research stations who are responsible for disseminating information on research work going on at the stations to the agricultural representatives of the provinces. This is another link in the chain of transferring knowledge from the researcher to the producer. It is not the personal contact with the farmer that we are talking about here for rural counsellors or for the agricultural representatives on the commercial farm operations.

The Chairman: Senator McGrand.

Senator McGrand: I was going back to say, having spent all my life in New Brunswick and being very closely associated with rural problems, I can assure you that any farmer in New Brunswick who is looking for advice on farming matters can get adequate advice from the agricultural representative at the present time.

On page 6 you say that the small farm sector embraces 75 per cent of all farms in Quebec and the Atlantic provinces. Then on page 10 you say that if they were provided with adequate resources their situation would be better.

As to this question of adequate resources, I have my idea as to what adequate resources are, and of course you have yours. I would just like you to go into detail a little bit on that. It is on pages 6 and 10 of the long brief. It says on page 6: "The small farm sector embraces 75 per cent of all farms in Quebec and in the Atlantic provinces." And then on page 10 you remarked that they would be economically successful if they had adequate resources.

The resources are much the same as they always were. The land is there. What grows on the land is much the same. I would just like to get a little clarification on this because I am particularly interested in the Atlantic provinces and eastern Quebec.

Dr. Purnell: Mr. Chairman, honourable senator, as to the resources required, I must start off by saying that the average farm investment in Canada at the present time for all farms is around \$51,000.

Senator McGrand: That is for all Canada?

Dr. Purnell: That is for all Canada. For an economic farm unit, for a viable farm operation, using capital as the common denominator, we estimate—and this will vary by

region and by type of farm—that the capital requirement for an economic unit is about \$75,000 to \$125,000.

Senator Roebuck: Does that take in the value of the land?

Dr. Purnell: That takes into account the value of the land, the value of equipment, breeding stock and operating capital.

Senator McGrand: You mean that \$75,000 is an essential investment for the usual type of farm you find in the Atlantic provinces and in the Gaspé?

Dr. Purnell: I would think so.

Senator McGrand: You would have to reduce the number of farms to get that, wouldn't you?

Dr. Purnell: The number of farms would have to be reduced significantly. To follow that point a little farther, we recognize that we have 430,000 farms in Canada at the present time. If you allowed those farmers a 6 per cent return on their investment, we find that the return for their labour is 40 cents an hour. If you are going to provide them with a labour earning, after giving a return to capital of 6 per cent, if you are going to give them labour earnings of, say, \$4,000 per year, the number of farms in Canada would be reduced to around 140,000 or 150,000.

Senator McGrand: Going back now to New Brunswick, I understand that the number of cows to-day that are on the farms that are producing fluid milk, is down to a total of maybe 800 cows. I suppose the dairy unit in New Brunswick would be 25 cows at the present time. In Ontario or around Quebec or Montreal, you might have 75 or 80 cows. If you were to consolidate the farms and get these \$75,000 farms in New Brunswick with probably 65 to 75 cows on the farms, you might have 10 farms left in New Brunswick or maybe 20. What is the future of agriculture on a small farm if you were to approach it from that standpoint?

Dr. Purnell: Mr. Chairman, I would suggest that those farmers who are now producing fluid milk have a great deal of ingenuity and have in the past demonstrated ability to roll with the punches, shall I say, and I would suspect that some of them would shift to production of other commodities rather than going completely out of business. Some of them of course would tend to go out of business. That is where the considerations of

your committee must come into play, where you match up the economic goals and economic pressures with the social factors which deal with the adjustments that may be very painful to a group of people in our economy who have traditionally been engaged in one occupation or another, in this instance in agriculture.

Senator McGrand: You say they could roll with the punches and go into other forms of production. What forms of production would they go into in the province of New Brunswick?

Dr. Purnell: There have been recent studies made on agricultural potential in the Atlantic provinces, including New Brunswick, and in these studies we have shown—and this has been done by the Department of Agriculture and also by the Department of Regional Economic Expansion, recently re-organized—showing deficits in certain areas of production in the Atlantic provinces. We would be pleased to provide this committee with a copy of the most recent report in that connection, which is currently being revised. It outlines some of the areas that are in deficit supply, such as beef production, hog production, and so on. This indicates the kind of shift that might be made by people in the production of agricultural items in the Maritime provinces. I do not have the data with me this morning but it is available.

Senator McGrand: You know beef production, where you have to feed cattle most of the year, has not been too successful. What worries me is what is going to happen to rural New Brunswick if you simply consolidate mild-production into the hands of a relatively very few farmers. Less than 50 farmers could do it. You cannot go into the expansion of potatoes. I would like to get, particularly looking at this well-prepared brief, which has taken a long time to prepare, some idea of what you had in mind in saying "if there were adequate resources". The resources must be there. They must be available at the present time.

Dr. Purnell: I might say, Mr. Chairman, of course those resources must be available in quantity and in the proper combination. This is one of the things that needs to be taken into account in a management operation where you have problems of managerial ability. You have different levels of resources required, depending upon the ability of the individual. And you have different combina-

tions of resources, depending upon what he wishes to produce. These would be aimed, Mr. Chairman, at supplying these deficit areas as indicated in the report that I referred to which we do not have with us.

The Chairman: Did the task force look into this problem? Did they make any observations?

Dr. Poirier: It has been done but not in the detail that the honourable senator has asked.

Senator McGrand: Canada is a country that produces surplus foods. We have surplus grain, surplus dairy products, surplus potatoes in Prince Edward Island and so on. On the other hand, the Scandinavian countries produce just a little less than they need. They have a well-developed agriculture but they do not quite feed themselves. So that food is imported into those Scandinavian countries as well as into Holland. They only take what they need, so that anybody exporting there is exporting into an already protected market. We have not that advantage in Canada. Is that not one of our biggest problems?

Dr. Poirier: This would be a decision on general policy that would have to be made by the Parliament of Canada as to the exact place that agriculture would have to maintain in Canada as far as production is concerned.

We have for many years followed a policy under which a good part of our agricultural products was exported. We have markets for those. As I say, we have followed that policy. Of course with the changes in world population that are occurring there is no doubt we will have to reconsider this. I just wanted to indicate that this has to be a top-level policy decided upon by the Parliament of Canada, and then we would have to follow the consequences of such a high level decision, as to the exact amount of food that we should produce in Canada.

Senator Pearson: Most of our surplus production of food has to be sold to the rather poor nations. Is that not a fact?

Dr. Poirier: Taking grain as an example, if you consider the USSR or China as poor countries, then I would say that is so. However, the rest of our production goes to what I might call medium-level countries, as far as wealth is concerned.

The Chairman: Senator Quart.

Senator Quart: I am quite inexperienced as far as agriculture is concerned, I assure you.

I am in touch with it only as a consumer. If I have a difference of opinion here this morning I think I should be permitted the same latitude as the Minister of Agriculture and the Minister of Consumer Affairs, whose different opinions I have been following recently with some interest and wondering who is going to win out as far as public opinion is concerned.

My opinion, after reading this brief, is that much of the subsidizing and price-setting that is done by government is undertaken in an effort to provide some group of small, inefficient farmers with a reasonable income. In following that policy, are we not destroying the economy for the sake of this small group of inefficient farmers?

I do not want to appear uncharitable. I do not think that is my nature. However, it seems to me we would all benefit if price supports were withdrawn. Perhaps some of the small farmers would be forced out of business by the larger, more efficient producers. However, that happens in industry as well. Those who could not compete would perhaps have to drop out but in this country you would not starve to death, in any event, especially on the farms where they can produce something to eat.

Many who could not compete in this endeavour would of course go to other fields of work where their talents might better be suited and they might meet with more success there. But is it fair to the Canadian taxpayer to ask him to support indefinitely the farmer who just cannot compete? Should government not make it clear to the unsuccessful farmer that government aid cannot go on indefinitely or interminably?

Another question I would like to raise...

The Chairman: Just a moment, Senator Quart. You have asked quite a question. That will take a bit of answering. Perhaps we might have the answer to that one and then we will come back to your next one.

Senator Quart: You just want to give me a rest, you mean.

Dr. Poirier: If I am permitted to say so, Mr. Chairman, I should say to the honourable senator that that was much more there in the form of a statement than a question. I think what is being questioned is the policy of price support in agriculture. I would like to indicate again that this is a top-level decision on the agricultural policy for Canada. As far as the Department of Agriculture is concerned

we would adjust to any decision that is made in that regard.

If you were to ask my personal opinion about this philosophy, that is a little bit different. When you say we could have some of this food from other countries at lower prices that is partly true because agriculture in other countries is already subsidized and they just send on to the international market their surpluses. And they are even paying for the merchandising of those surpluses.

In that context of international trade in agriculture I think Canada has to protect itself like any other country unless we are ready to pull out of this sector of our economy a very large number of persons and are prepared to direct them immediately or in the very near future into other producing sectors of the economy. That is about all the comment I can make now on that matter about our subsidies or price support.

I would point out that very often what appears to be a price support is just a redistribution of revenue; that is the fact that the product, when it is put on the market, is sold at a price lower than it costs to produce. Your suggestion about getting it from another country is always an argument that should be considered provided it is sold in our country at a price proportionate to what it costs to produce in the other country; that is, that it is not subsidized in that country.

Senator Quart: I'm sorry, Mr. Chairman, I did not mention in my remarks anything about getting it from another country. However, I suppose I had not really got down to my basic question, which is one I hope will not offend. If government were to withdraw from the agricultural scene subsidies, price supports, acreage payments and so forth, if these were discontinued and the law of supply and demand were permitted to take over, would it be any better or worse than we have now, do you think? Certainly the picture at the present time is not too bright. Perhaps we should give the other approach a trial.

Dr. Poirier: I am sure there would be a very hard period of adjustment for a large number of Canadians and a committee similar to this one on poverty would very soon be inquiring into the situation of a much larger proportion of our rural population.

The Chairman: What you are saying is that it would get worse. Just say it in plain English.

Dr. Poirier: Yes.

The Chairman: Just give her a direct answer.

Senator Quart: Perhaps we should just leave it all to the churches. Maybe it would be cheaper to do it that way. The policy of the government for many years has been to encourage production of certain agricultural products by guaranteeing farmers a market at prices which are relatively high, that is relative to the prices of other goods and services. I suppose farmers, as in the case of any other industry, might be inclined to produce more. However, if the farmers felt that they did not have these guarantees of prices by the government, would they not then probably just produce less and feel that they would be able to sell the quantity produced to the consumer?

Dr. Poirier: Right now there are a relatively small number of products with which we have a continuing and difficult surplus problem. In the past we have had no guaranteed price for wheat. The price was what could be negotiated. The subsidy part of it was relatively very small.

Coming to other products, milk is one on which there is a relatively large subsidy but we have been able, because of the nature of the subsidy, to equate more or less the production with the demand in Canada. We still have a problem, of course, in the matter of supporting the price of milk powder but as far as the rest of the milk products are concerned their prices have been stabilized as far as demand and supply is concerned. There are other products on which we have temporary surpluses some years but they are relatively small. They act, however, in all cases on prices, reducing them to a level which is below the cost of production.

The Chairman: Dr. Purnell.

Dr. Purnell: Mr. Chairman and honourable senator, if I might supplement the remarks that Dr. Poirier has made, I would suggest that the main thrust of the policy of the Department of Agriculture is aimed in the direction of facilitating adjustments and change in agriculture, not putting roadblocks in the way of these adjustments and changes nor pushing them pell-mell down the road. It is a policy of facilitating these changes and adjustments and easing the pain or the problems that are felt by individual farmers when these adjustments or changes are made

through the payment of the subsidies which the honourable senator has mentioned.

I might indicate that there is a tendency Mr. Chairman, for we in Canada to compare our farm people and the subsidies received by our farm people here with those in the United States and assume that the subsidies received by Canadian farmers are the same or fairly similar to those in the United States because of the nature of the press we read emanating from the United States.

I would point out too that a recent document prepared for the task force indicates that the subsidies or, shall I say, the total expenditure, and this is not all subsidies, to producers of products in agriculture in Canada by the federal government in 1966-67 ran at \$284 million, much less than the general public assumes agriculture is receiving. That is the federal expenditure. These expenditures are over a wide variety of items.

The senator asked about the possibility of throwing the market open to allow these people to meet the law of supply and demand. I have mentioned the burden that this would be to individual producers in the adjustment process but at the same time if there were a trend to in any way restrict production, this would tend to increase prices to the consumer and it would be contrary to the interests of the major portion of the population of our country.

Senator Quart: I am glad to know that. I would be interested to know, Mr. Chairman, from any of the witnesses if they could give us any information on this, and it may be an unfair question, but as regards beef prices, we have been listening to the farmers' argument, that is I have been listening to their argument that they have not had an increase in the price of whatever is the result when you cut up a cow. I better be careful because there are farmers present. However, the farmer complains he has not received enough for his beef or steer. Apparently there is someone between the farmer who raises the beef and the consumer who has to buy it at these exorbitant prices nowadays. Is it the middle man...

Senator McGrand: That is perhaps a poor question to put to these people.

The Chairman: Well, go ahead and ask the question anyway.

Senator Quart: I would like to know, are you free to give an opinion, in view of the

statement of your minister? And I can understand his position supporting beef prices, but, in spite of that, the farmers claim that they are not receiving a sufficient price. On the other hand, the consumer's group claims that these are exorbitant prices, and they are blaming it mainly on the farmer. My own personal opinion is that somewhere in the middle there lies the answer, that perhaps it is the wholesaler or some other person who is making the profit, not the farmer. Certainly the consumer is taking a terrible licking at the moment with this sudden increase in price. You do not have to answer me if you do not wish to.

Dr. Poirier: Honourable senator, I just want to point out that the case of the beef is an illustration of the effect of the law of supply and demand. It was suggested just a few moments ago that we could leave all this to the law of supply and demand. I think in the case of beef now we have a good indication of what happens when this is left to itself.

As to what part of the increase will go to the farmer and what part of the increase will go to the retailer and all the various levels in between, do we have anything here with us on beef? We have it generally on many products but what is the part of the beef production that goes back to the farmer, the beef dollar? Perhaps Dr. Purnell would care to answer.

Dr. Purnell: Mr. Chairman, on the average the farmer receives only 40 per cent of the consumer's dollar for all agricultural produce. For beef it is in the neighbourhood of 55 to 60 per cent in a normal situation. When we have changes taking place such as we see at the present time, the percentages will vary because there are lags in price adjustments between primary producer, wholesaler and retailer.

This is an interesting question and discussion, Mr. Chairman. In the Committee on Poverty we recognize we are dealing with concern about adjustments in agriculture too. However, if you take the purported 40 per cent increase in beef prices at retail and say that this increases the price of steak from \$1.25 to \$1.75, at 40 per cent, that is a 50 cent increase per pound. One-the-hoof beef producers' prices have risen from about 25 cents or 26 cents to 35 cents or 36 cents per pound. That is 10 cents. If you allow for the 50 per cent or 60 per cent dressing percentage that is made at the packing plant where half of it is

disbursed as waste and the other 50 per cent to 60 per cent is used as beef, this means that you would double that 10 cents or make it 20 cents as a return to the producer. That means that 30 cents of this 50 cents increase in retail price is going to someone else. In this case we see 60 per cent of the increase going to someone other than the primary producer.

Senator Quart: We are trying to help the poor. I don't think any poor person can even have hamburger steak at the price it is now being sold for. That is the reason I had in mind in asking this question.

The Chairman: The people we are interested in at the present time, particularly the poverty-stricken people, are not being very hard hit with that increase in the price of steaks.

Senator Quart: Oh, come now.

The Chairman: No, not with the increase in the price of steaks or in the increases in the higher priced foods. They have the cuts they are used to and they pretty well get along on them. I cannot say anything more in that regard than that I resent and object to the increase as much as you do.

Senator Quart: Everywhere you go people are saying, "Are you going to boycott beef?"

The Chairman: Boycotting is a pretty serious matter. You see, Senator Quart, when we talk about subsidies, let us just take a little inventory ourselves. It might be an interesting exercise. The farmer gets a subsidy, the fisherman gets a subsidy, the business man gets many subsidies. The old people get subsidies, the mining people get them. A business man gets subsidies, on his income tax with certain allowances, and deductions. The lawyer gets a subsidy through legal aid. The doctor gets a subsidy through medicare. Whether the farmer gets a proper proportion or share I don't know, but he is always complaining he is not.

Senator Quart: My sympathy is with the farmer because he certainly does a tremendous amount of hard work to get the small return he does. It was just a question I directed for the poor.

The Chairman: Senator Carter.

Senator Carter: I want to come back to some questions already asked, Mr. Chairman, before going on to one or two of my own.

The Chairman: Yes, go ahead.

Senator Carter: Coming back to this counselling thing again, as I read your brief, I could not help but be impressed by the similarity of the counselling service which you referred to, which I understand is a new program that you plan to implement, with the counselling service of the Veterans' Land Act in the re-establishment of veterans under that Act. One of the questions that came to my mind is, why have you been so slow in introducing this type of service? Why did you not introduce it 20 years ago?

Dr. Poirier: I will leave that one to Dr. Purnell because the counselling service would be under him if it is ever implemented.

Dr. Purnell: Mr. Chairman, honourable senator, I would point out that the rural counselling is a possibility only. I do not mean that it is a concrete fact in operation or an approved program at the present time. It is a possibility only, and I think it is presented in the brief in that light.

You have related this to VLA operations. I must say, of course, that the Farm Credit Corporation, through part III of their loans, has had a management advisory program in operation for over a decade as well as have the VLA people.

Senator Carter: Yes, but we are talking about a counselling service now. This is not just a management advisory system. Do the Farm Credit people have the same type of counsellors that the VLA people have, going out to the little establishments?

Dr. Purnell: They have what they call supervised loans in Part III in which the farmer agrees to work with a counsellor in terms of his operation, analysis of his operation, the types of enterprises he enters, the adjustments he makes from time to time in order to effectively repay the loan that he obtains from the Farm Credit Corporation. There may be some differences, I would not argue that, about the relationship between the FCC advisory program and the VLA advisory program. However, there is a similarity too.

The Chairman: Yes, but Senator Carter makes a point that under the VLA there was great success. Everybody knew it. He knows it. I know it. Everybody else knows it. You knew it. Why did you not pick it up and work from that success? Why did your department or whoever was responsible not pick that up

and say, "Well, that is what we ought to be doing"?

Dr. Purnell: There are two points, Mr. Chairman. One is that the basic division of responsibility tended to throw this area originally to the provinces in the area of extension education. Secondly, this was picked up in part at least in recent years through the ARDA and FRED program in which, in the Gaspé, in the Edson area in Alberta, in the New Brunswick operation, you have seen the employment of some counsellors who have played a role of this kind. And these counsellors have been of diverse nature. Some of them have been concerned about the health aspects of the community and a companion counsellor has been concerned about the economic welfare of the people involved, and so on. As to this recent change in legislation creating the regional economic expansion department, we are not clear as to what their continuing role will be in that connection. So we in agriculture feel that we have an obligation to all of the people in the rural community, and in view of the fact there are changes being made in the regional economic expansion operation at this time, we felt it was advisable to look into the possibility of establishing rural counsellors in the future. As you know, the Canadian agricultural task force is currently in session, and it is emphasizing the need for social adjustment as well as economic adjustment.

Senator Carter: I think I could ask a lot more questions arising out of the answer but perhaps we better let it rest there.

Coming back now to education, most provinces have had compulsory education for a good many years and we know that the rural school facilities are possibly not as good as the urban, and that the teachers perhaps are not as highly qualified. Yet there has been, even in rural areas, a steady improvement in the type of education. It does not seem to have been reflected on the farm. Why is that? Is there any research being done to see why?

Dr. Poirier: As to this matter of education, I will ask Mr. Parker to answer that.

Mr. J. S. Parker, Special Assistant, Resources Utilization, Department of Agriculture: Mr. Chairman, Senator Carter, I have no figures on the impact of education on the rural population. I believe there is a broad reference in the brief to the fact that rural farm families are now attaining a higher level of education than are the balance of rural

families. I differentiate between farm families and other rural families. However, I have no figures in this regard.

Senator Carter: I did not quite get your answer.

Mr. Parker: The level of education of children of farm families is higher than the level of education of non-farm rural families.

Senator Carter: Yes, but it has not helped the farmer. That is the point. Why is that?

Mr. Parker: I am wondering if my remarks did not reflect that it is helping the children of farm families, that they are attaining higher.

Senator Carter: Apparently they are moving away from the farms, moving off the farms and finding jobs elsewhere. It is helping that happen. The situation on the family farm, if I understand your brief, is certainly not showing much improvement.

Mr. Parker: I do not have any yardstick to indicate the amount of improvement, if any, that I believe there has been.

Senator Carter: I would think this is a very good field for research to find out why it has not helped. It has helped in other countries. We were talking earlier this morning about Denmark and Holland. I think it was Senator Pearson who said it is probably too late for some of the older people to go to school. However, in Denmark this is a part of their system and it has helped to improve their agriculture. We, on the other hand, do not seem to have been able to accomplish a similar improvement here in Canada.

Senator Pearson: If I may comment on that, I know of a case in northern Saskatchewan where they have schools provided by the province; that is the province pays the teacher and puts up the school. The young people go to that school and gain a considerable knowledge there as compared to that of the older people. However, in the fringe areas, shall I say, in northern Saskatchewan, there is no place for these young people at all. The only thing left for them is to get out of there.

I suggested earlier that these older people should be paid a guaranteed wage because the place in which they live is useless for anything. They have places on gravel ridges and just feed a bunch of cattle down in the low parts, in the sloughs, and the grass is not very good, and they have a most difficult time

raising cattle fit for market. As far as I am concerned, situations in fringe areas like that are not worth supporting. I say the thing to do is to give those people a guaranteed income and get the children out.

The Chairman: Mr. Parker, what have you to say?

Mr. Parker: Just to comment further, Mr. Chairman, on Senator Carter's question, this, I believe, is a very slow process. I suggest that the fact that productivity is increasing at the rate of 5.1 per cent per year in agriculture as compared to 3 per cent in other segments of the economy is a reflection that education is improving the situation.

Senator Carter: You make the point in your brief that 55 per cent of these poor farms only contribute 14 per cent, so that the increase in productivity is not done in this group but the increase is up in the other group with which we are not concerned.

The Chairman: Senator Carter, you were asking the question as related to adult education, were you not?

Senator Carter: Not altogether, no. I had in mind the whole spectrum of education. There is a place in it, I would think, for adult education just the same as there is in Denmark. But the whole point of it is as to the children. As they have improved what has happened to them? I would think you have either educated them off the farm or, if they have stayed on the farm, the education has not done them any good.

The Chairman: What do you say to that, Mr. Parker? Or have you anything to say?

Mr. Parker: I really have no comment.

Dr. Poirier: I would just like to add something to this, as far as education and policy is concerned. I think you have the same phenomenon in the rural areas of Canada as you have in the urban areas in that poverty will very often generate poverty, and one of the ways it does that is through lack of education.

Senator Carter: Before we leave this there is another point that occurs to me that arises out of Senator Pearson's question. You said that under this new scheme you acquire this marginal land, you sort of capitalize it and pay the farmer some sort of pension for the rest of his life. However, he has to give up his land. Does he give up his mineral rights on that land?

Dr. Poirier: This is again just a working project we have so far. When we say that the farmer will sell his land, it would be the same thing as a sale as an individual.

Senator Carter: On page 24 of your brief you have a breakdown of farmers. You break them down into three groups, the commercial farmers, the potentially commercial and the hard-core poverty farmers, as you call them, who are hopelessly uneconomic. We have been talking about subsidies and price support and things like that this morning. How many of that group (a) commercial farmers, and I interpret it as meaning that they are above the poverty level, how many of them are economically viable without subsidies of any kind? Have you any idea how many of these stand on their own feet as a viable economic operation? That is, if there were no subsidies at all, how many would be in that position?

Dr. Poirier: I would say you would have to qualify that as to the type of production that they are in. In the case of some of the commercial farmers, let us say the wheat farmers, a large number of them are getting very little subsidies right now, so they would go on if that small subsidy were eliminated.

On the other hand, in the case of a commercial farmer engaged in the production of milk, I would think very few of them could go on producing milk at the price at which it is sold to the processing plants if there were no subsidy. In the case of others engaged in the production of vegetables and things of that nature, the subsidy is very limited, so the commercial ones would go on, I think, without serious difficulty.

Senator Carter: But you cannot give the committee any idea whether, say, 10 per cent of these commercial farmers would represent a viable enterprise without subsidies?

Dr. Poirier: I don't think so. It would be just a guess. I don't know if my colleagues want to guess on it or not.

The Chairman: Give us some idea. Give us some figure.

Dr. Purnell: Mr. Chairman, I think we must look at the definition on page 24 that has been referred to. It says that this is a viable farm operation, which in essence indicates that three-quarters or more of them would be viable without subsidy. That is my estimation.

The Chairman: Are you saying in effect to us now, that no matter whether he is in the commercial, in the middle class or in the poverty category, every farmer in any form of farming activity receives some subsidy?

Dr. Purnell: I would answer that yes.

Senator Pearson: I am afraid I would have to disagree with that. The farmer raising wheat, oats or barley out on the prairies gets no subsidy unless he has a near-failure. He pays one per cent in for every bushel of grain he has sold over the year. I suppose he gets a subsidy in that respect. The government pays part of that if the fund does not carry the whole load.

The Chairman: Senator Pearson, all my life I have been a subsidy supporter. What I am trying to get across to the committee and to the public too, I hope, is that when it comes to the poor they ought not to become parsimonious. That is the only point I am trying to get across.

Senator Pearson: But there is a large body of farmers that receive no subsidy at all.

The Chairman: Almost every element in the community—and I would ask you to name one which doesn't—receives a subsidy of one kind or another. If the poor receive theirs because they are helpless we ought not to be counting out pennies to them. We have to deal with them very generously. That is all I am trying to get across.

Senator Carter: I think we all agree with that. I certainly do. I would like to make one more point, Mr. Chairman, if I may.

The Chairman: Go ahead. This is a very interesting discussion this morning. I would ask you to go right at them. We will not have them again for a while.

Senator Carter: I would like to get back to the philosophy of your approach to agriculture. From an economic standpoint you have to think in terms of the maximum utilization of resources. Land is a resource and you have to look to get the maximum production of wealth from that land with the minimum of capital investment. I think that is the overall picture.

When you look at it from the purely agricultural standpoint, everybody who grows a potato or raises a pig or cow or vegetable in a small way is adding to the national wealth, increasing the wealth of the country. It might

be insignificant and there may be better ways of increasing it with less expense but nevertheless it is adding to the national wealth, which I think is a good thing. On the other hand, there is a whole host of people in the world who can use these products if we can only get them to them. And they need them because they are starving.

We have two problems then and they seem to be in conflict. One aspect of it has to do with these marginal farmers that are referred to in your brief. How can you organize the production and distribution to the maximum benefit of the fellow who is producing and to the maximum benefit of the fellow who needs it? How can you reconcile that concept with the broad concept of the overall maximum utilization of this resource of the land?

Dr. Poirier: I don't get your question exactly. Would you mind repeating it? That will also give me another few seconds to think about an answer.

Senator Carter: It seems to me you have two conflicting concepts. You have to suit either one side or the other. You have to choose either one or the other. If you are going to choose the concept that this is land and it is a resource and has to be utilized for the maximum benefit of the overall community, then you might take it out of farming and put it into forestry. Or perhaps you might do something else with it. You might build houses on it. It might be more economic to do that. That is one concept, the utilization of the land as a resource.

But then you come to the land with people on it. Now the resource is land plus people, and the people are very poor, and in some cases you have an uneconomic operation. You then have a different situation because these people are still adding to the national wealth in their own small way. Perhaps not in the best way. The problem now is how to organize the production so that the poor people get the maximum benefit and the people who want to use this product they make can get the maximum benefit. They are two different concepts. If you are going to choose a philosophy, which one is it to be?

Dr. Poirier: I will start off on this one. As to your concept of maximum use, you must remember that almost all of this will have to go through an organized process of marketing, and there are now limitations on what we can market. There is less limitation on

what can be used, if you are talking about the world, but we have not found a practical way of transferring from our country surplus foods to these other countries. We are doing it but it is only up to a certain limit. The market is certainly not unlimited. When you talk about maximum yield from each parcel of land you have to consider the market possibilities. I think it is better to talk about optimum use of these resources.

You have indicated that some of them could be transformed into something else, and I think this would be part of the solution if the markets that we have for Canada for certain types of goods, if we could agree on that, and then adjust our resources that we have right now to meet these market targets and try to find how the rest of them could be put to optimum use.

As to the people who are caught in between in this process, if you want them to reach a certain level of income, either you re-organize three farms into one in certain areas or you find a way to have them do something else, perhaps having a system whereby they could retire or get assured revenue under another scheme.

Senator Carter: As far as I can see from your brief, you seem to be trying to work both sides of the street.

Dr. Purnell: I would say that in essence that is correct because we in the Department of Agriculture are concerned about all of these people who are involved in rural life who have historically been in agriculture. It is a matter, Mr. Senator, of determining what the goals are of the people and who sets the goals. I think the people should set their own goals rather than an agency setting them. The people need to determine whether they want efficiency as the goal or the maximum number of farmers as the goal or a combination, some combination of those, and then the implementation of programs to achieve these goals is up to the elected representatives in our democratic society and to the civil servants to try to carry them out.

Senator Carter: What is your machinery for determining these goals? You say the people are going to determine them.

Dr. Poirier: We have had recently a piece of machinery to at least get the opinion of a large proportion or representative section of people interested in agriculture through an agricultural congress. About 400 people have

got together and looked at the results of the work that has been done so far by the task force that was appointed to set economic goals. We have had reactions to that. Right now the task force is in the process—and so is the department—of trying to put on paper the results of this consultation. We hope before the end of this year we will have the report of the task force indicating what their recommendations are as to these goals. We will combine that with the consultation within the congress and we will propose policies based on all this information. That is where we are now as a department.

Senator Carter: You have 40 per cent of the farm poor in this poverty group which are hopelessly uneconomic. You probably have another 10 per cent in the fringe area of the potentially commercial ones. So you could say that roughly half of your farm poor are hopeless. The only remedy you have put forward so far is, "We will get them off the land. We will buy up their land. Then we will sell it out again perhaps to another fellow who can increase the size of the farm and his capital investment may go up from \$50,000 to \$75,000." But it is still the same poor land. Apparently it is not very productive land.

In the meantime what are you going to do with the people? Some of them are old, some are young, some can be changed but some cannot. What these people have been doing so far is that they have been moving off the land in one way or another and perhaps going to Toronto or some other place and have become part of the poverty-stricken in our urban areas. I think you have made that point in your brief, that a great deal of poverty is urban. We have been told that a considerable portion of what is now urban property came from among those people I am making reference to. How are you going to stop them going from one pocket of poverty in the rural area to another such pocket in Toronto, for instance?

Dr. Purnell: Senator Carter, there are two points in connection with your question. One has to do with the use of land. The experiences of other countries in the early retirement and land use adjustment programs have provided for the permanent retirement of some of this marginal type land out of agriculture into such things as forestry, wilderness areas, recreational facilities and so on. So that a portion of that would, I think, be logical for this kind of retirement at least in the long run as we view it to-day. Perhaps

in the long run, viewed in the next generation, the situation might change because of the growing world population. However, it would still be available.

In connection with the opportunities of the individual, it is suggested in some of these programs that the individual be permitted to retire on the farm, not moving him to the city but leaving him the use of his land, his farm buildings and a few acres, if he wished to do that. He would not have to make a social adjustment. He would have some economic viability through his own initiative in the use of that farmstead area of one or two or three acres. He would have a degree of dignity left to him. This is much better, I think, than abandoning the buildings which would take place if you transferred these individuals to towns.

I think this kind of program in other countries has demonstrated its effectiveness. This is one way perhaps of reducing this flow, as you mention, to the cities and causing housing problems and other matters of concern.

Senator Fergusson: Mr. Chairman, first I would like to compliment Dr. Poirier for this very excellent brief. It represented quite a lot of reading but I would like to assure them all that, no matter if it did take some time, it was well worth while because I got a good deal from the brief as well as from the summary and from to-day's meeting thus far.

Some of the things I have noted I think have already been touched on. I will not cover them again. There is one thing I wanted to refer to which has to do with page 18 of the brief, the second paragraph, where it says that the federal government has helped to alleviate distressed farm conditions resulting from adverse weather and that these include acreage payments to western grain producers to meet cash difficulties, and freight assistance payments to western grain producers to meet cash difficulties, and freight assistance on corn to the Atlantic provinces. At the beginning of the following paragraph it says: "The low-income or small farmers have shared in all these price and income maintenance programs that represent, in the main, income transfer payments."

I would like to know how many of these apply to the Atlantic provinces? Does this sharing or help to farmers in other parts of Canada work to the detriment of the poor farmers in the Atlantic provinces?

Dr. Poirier: Honourable senator, we are giving here only a partial list.

Senator Fergusson: I realize that. I know that.

Dr. Poirier: We would have to get a more complete list and try to find out from that which ones did apply to the Atlantic provinces. This would be possible to obtain, if you wish it.

Mr. Parker: Mr. Chairman, Senator Fergusson, as to page 18, the second paragraph that was referred to, very limited assistance went to the Atlantic provinces under those ad hoc programs. Those were programs that were initiated to meet a situation that arose at a specific time, the acreage payments to the prairies, and the one that is highlighted there is the freight assistance to corn which was in short supply in the Atlantic provinces. I am sorry I cannot specify the year but I believe it was only done for one year. There is the on-going program of assistance for livestock feed that has been going on since the war. That applies largely to Quebec and the Atlantic provinces.

Senator Fergusson: I am sorry I did not read the whole paragraph. I thought perhaps we all had it in mind. What I would like to know is what altogether has been done under the other programs. Is there anything at all being done for the Atlantic provinces which equals the amount that is being given for the programs in the other parts of the country?

Mr. Parker: I doubt that there have been programs, Mr. Chairman, in the Atlantic provinces that would equal the amount of money that has been spent, for instance, in the prairie provinces. However, there have been some programs. The Maritime Marshland Rehabilitation legislation initiated in 1949 is one. The agreements with the provinces incidentally, I believe, are expiring at the end of March, 1970. There is the ARDA program, and I regret I cannot give you figures on expenditures, but the ARDA program of recent years has contributed a great deal. The amount of assistance has increased considerably in the direction of the Atlantic provinces.

Senator Fergusson: I realize that. There has also been a great deal put into other programs that have nothing to do with the Atlantic provinces. I wondered how they balanced up?

Senator McGrand: What about feed grains? There have been millions put into that.

Mr. Parker: Currently, sir, it is about \$20 million a year.

The Chairman: Go ahead, Senator Fergusson.

Senator Fergusson: I have one or two others, Mr. Chairman.

The Chairman: We have lots of time.

Senator Fergusson: I said I would not touch on education because someone else has spoken about it. However, I was really surprised that there are still so many in the rural area that have not gone to elementary school. That was really a surprise to me. I was wondering about it. We think that education is very necessary beyond that stage. How are you going to improve education in the local areas when it is dependent on the tax base and the local tax base is declining, isn't it? How are you going to get more money to do more education when you have a declining tax base from which to get the money?

Dr. Poirier: There are some provinces now where a good part of the cost of education is spread throughout other systems of taxation. I think that is the answer.

Senator Fergusson: I think it will have to be that way all through Canada.

The Chairman: You are not talking about the New Brunswick experiment?

Dr. Poirier: No. I am talking about the province of Quebec, for instance, where a good part of the cost of education is distributed throughout all the population and taken not only from the local assessment.

The Chairman: On a regional basis?

Dr. Poirier: No, on a provincial basis. A good part of the cost is paid directly by the department of education through general taxation.

Senator Fergusson: But this is not the case in the other parts of Canada, the western parts of Canada, is it?

Mr. Parker: Alberta.

Dr. Poirier: I think there is a tendency towards that.

Senator Fergusson: I also had a question as to page 5 of the summary. At the end of

Question 11 you say: "Technically it is possible for all Canadians to achieve a socially acceptable level of living." That is quite a broad statement. Can you support it with anything?

Dr. Poirier: What we are indicating here is that the total production of wealth in Canada could support at a reasonable level all the population if we had means of distributing it better than those that exist now.

Senator Fergusson: Is this something we really know or is it just a statement that is being made?

Dr. Poirier: Well, you have to take the total production and divide it by the number of individuals. It would be at a level that would certainly be over the level of poverty. That is at the limits, as far as distribution is concerned. That is what we are indicating here.

Senator Fergusson: On page 14 there was something I was interested in.

Dr. Poirier: Is that in the long brief?

Senator Fergusson: Yes. It is with relation to farm credit. What does a farmer have to have to get credit for a farm improvement loan? Can just any farmer go in and say, "I need it", and just show his need?

Dr. Poirier: I think I will ask Mr. Stutt to try to answer that one.

Mr. R. A. Stutt, Economist, Economics Branch, Department of Agriculture: I think as far as the farm improvement loans are concerned, as you know, they are arranged through the banks and the government only provides the guarantee on the loans.

Senator Fergusson: What is the criterion?

Mr. Stutt: I am not sure that I can give you that. I think we could provide it. The criterion, of course is provided by the Farm Credit Corporation.

Senator Fergusson: I just wanted to know what it was.

The Chairman: Is it not part of your department?

Mr. Stutt: The Farm Improvement Loans Act is guaranteed through the banks.

The Chairman: Yes, I realize that but do you not handle it in your department?

Mr. Stutt: It is in the Department of Finance.

The Chairman: You ought to be able to give us the criterion.

Dr. Poirier: No, it is not dealt with in our department.

Mr. Stutt: It is the Department of Finance.

Dr. Poirier: That is the reason. However, we could get it very easily and add it to this brief.

Senator Fergusson: I would like to have that.

The Chairman: Is economic viability a requirement?

Mr. Stutt: I would think so. I would certainly think so. Certainly it is a requirement of the Farm Credit Corporation.

The Chairman: If you would provide that for us it would be appreciated.

Senator Carier: It seems to me, if you are going to have a counselling service, that that is the sort of information that you would want to have available through your counselling service, as to whether there is financing available or not.

Dr. Poirier: Yes.

Senator Fergusson: I have other things but I will confine my remarks to this last one. This is an item I am afraid we hear all too often. There have been many references made to what governments, both federal and provincial, can do to improve the social as well as the economic welfare of rural people. I don't know what relationship, if any, the Women's Institute has to the Department of Agriculture but certainly in New Brunswick they are sort of under their protection to a great extent. I was rather surprised in going through the brief that I saw not one word about the Women's Institute, particularly when you consider what they might do to help in this objective of improving the social conditions in rural districts.

I am sure you know that many social improvements have come about through pressure from rural women through their Women's Institutes. They work with mothers and wives in rural districts. And certainly this improves the health of the rural people through the things that are taught about nutrition, for example. And it has even extended into our fine arts recently. It seems to me that the Women's Institute would be invaluable in helping to make these programs

that are suggested in section 32 viable, if put into effect. I think at the bottom of page 27 of the brief you refer to people who might be helpful. I should think that the Women's Institute might be more helpful than many of them.

I understand that your outline in one of these was to show the program that you are planning to do to eliminate poverty. Could you not take more cognizance of the fact that these people who are closely associated with your department might do a tremendous amount of work in that regard? I am sorry to see them completely ignored.

Senator Quart: Mr. Chairman, along those lines, may I support Senator Fergusson in that because in the province of Quebec I know that, for instance, the Cercle des Fermières do a tremendous job. Also while visiting different parts of Canada very frequently the Women's Institutes have been mentioned and they were of sufficient importance to have had a stamp made for them. I think it was in 1957 that the government came out with a stamp commemorating the Women's Institute.

Senator Inman: I would like to say a word about the Women's Institutes in Prince Edward Island. They were the ones that started bringing up the social standard of the farm people by having schools and that sort of thing at their meetings. I give them great credit for bringing up the standards of farm living.

Mr. Parker: Mr. Chairman, I believe the points that have been made concerning the work of the Women's Institutes of Canada are very valid indeed. From the point of view of the Canada Department of Agriculture, and here I don't mean to apologize at all, but we are in this grip of responsibility for extension, the provincial versus Canada Department of Agriculture. It has come up here several times this morning. It is a matter of co-ordinating the total effort, perhaps the province concentrating more on working with individual farmers, working with the women's groups, and the federal department working more on the production side, the research side and providing finances.

I might just make this further comment, and this is not meant in any way to be boastful, but the federal department of agriculture does make a grant to the Federated Women's Institutes of Canada. They have done so for a number of years, giving \$10,000. I am sure

that the provincial departments of agriculture also make grants. So there is a grant to the national body, the Federated Women's Institute of Canada. There has been and is a grant of \$10,000.

Senator Fergusson: I think that is very low.

The Chairman: Senator Fournier.

Senator Fournier (Madawaska-Restigouche): Mr. Chairman, I would also like to compliment the Department of Agriculture on their brief. I think it is one of the best that we have had because it tells us quite a bit about the poor and even offers some recommendations, of which we have not seen too many so far.

I would like to know how many members from the department here were born and raised on the farm?

The Chairman: Looking at the ones with their hands up, it looks like everybody.

Senator Roebuck: I would like to know now how many have farm experience?

The Chairman: Well, out of the five witnesses here it would appear four were born on the farm. You, Dr. Poirier, should speak for yourself.

Dr. Poirier: To be honest, I was not born on a farm.

Senator Roebuck: The question was how many have farm experience.

Senator Fournier (Madawaska-Restigouche): Yes, that was going to be my second question.

The Chairman: Well, what is the answer on the second question, gentlemen? Put your hands up, please. Apparently four are in that position. One of you is a young man who, I presume, would not have had much opportunity yet.

Senator Fournier (Madawaska-Restigouche): Thank you very much. That is interesting. During the discussion there was talk about the shortage of meat and it was said that the supply does not meet the demand. How is it that the Department of Agriculture, an organization such as yours which has so much responsibility across Canada, finds itself in a pinch like this? Here in 1969 you tell us there is a shortage of meat. Why did you not forecast it last year? Did you not see it coming?

Dr. Poirier: I think the answer to that one is quite easy. If you look at the Outlook Conferences that we have had in the last four or five years or even longer than that, every time we have indicated to farmers throughout Canada that if there was a line where there could be expansion as far as supply is concerned it was beef. We have been repeating that over and over. Now, as has been indicated by our minister very recently, even though we have said that in the past, because of the price and because of the time it takes to set up production for beef, the farmers have not reacted and now we have the present situation where there is a shortage of supply and as a result you have these higher prices. We are sincerely hoping that these higher prices at least for a while will permit a certain number of farmers to increase their production and then you will have the two of them, supply and demand, better in balance and you will have more reasonable prices.

Senator Fournier: In other words, you had forecast this?

Dr. Poirier: Yes, continually. It is about the only type of production in the last few years we have always said had room for expansion.

Senator Fournier: You say the outlook for better prices is not too bright because it takes about two or three years to produce beef, is that correct?

Dr. Poirier: And there are other factors. Beef is more or less a continental market and there could be the American angle to this picture. There too the supply is rather low.

Senator Fournier: This brief talks about poverty and on page 30 under the heading "Domestic Food Aid Programs" it states:

Consideration could be given to the development of both emergency and long-term food distribution programs which would guarantee that those suffering from malnutrition in Canada have access to adequate food. Such programs would benefit both low-income citizens and Canadian farmers.

Here in Canada we have a surplus of butter, we have a surplus of milk and we have a surplus of wheat. We even have a surplus of potatoes which sometimes we bury or we dump. Why can we not have some programs to help the poor people that are going hungry?

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Dr. Poirier: We are suggesting this as a possibility but we must indicate at the same time that if this were implemented it would increase somewhat the consumption of food in Canada, and there is a real limit to it. Some of our surplus problems, I think, would not be solved through this, through a program of this sort, but it would alleviate suffering and it would improve the nutrition of certain parts of our population. We are all a bit worried about what happens in developing countries from the effects of malnutrition. We have a bit of that right here in our own country and we should look after it. That is what we are suggesting here.

Senator Fournier: And you are hoping it will be done?

Dr. Poirier: That is right.

The Chairman: Senator Roebuck.

Senator Roebuck: I wanted to make some comment particularly dealing with Senator Carter's statement with regard to education. I think it should be realized that education has other purposes than just making money. I think it was the old Greek philosopher, Socrates, who said study was in order for one to enjoy his own company, or words to that effect.

One time I said in the House that I was a farmer too and everybody laughed but in actual fact I have had a great deal of experience over a very long time in that regard. I can remember a time when on the farm, sometime about 1888, one of the great difficulties was the barrenness of the intellectual life on the farms, and the result of that was that the bright young people of the farms left for the cities. Education helped to keep people on the farm because it gave them something to think about, an intellectual life to live. So don't underestimate the value that the better education of to-day has in keeping the boys and girls on the farm. In Israel, for instance, they educate the girls for farming because they know that when the wife has an intellectual view of farm life the young man she marries will stay on the farm. She will keep him there.

The question I would like to ask is this, is it not a fact that agriculture in Canada is going through a transformation? The agriculture of to-day is very different from my early experiences on the farm. Let me illustrate that. I remember seeing my father going out with a team of horses and a plough with one blade.

By working very hard all day long he would come in at night with the horses dragging their feet and he would have ploughed perhaps something in the order of an acre. It was fairly difficult land. To-day I have 260 acres. I have a tractor. It pulls not one blade but three, and it travels not at 2 miles an hour, as my father with his plough travelled in those early days, it travels at 10 to 15 miles per hour. Just a little arithmetic will give you an idea of the increased productivity of that land. In addition to that, in days of crisis when we want to get things ploughed quickly the tractor will work all day and all night whereas the horses would be tired out or beaten completely at the end of the day. That too gives you an idea of the increase in the productivity of labour on the farm to-day as compared to the farm I used to know.

One might also take the dairy aspect of the farm. I milked three cows morning and night when I was a young man. To-day we have electric power on the farm and with the necessary machinery I don't know how many cows can be milked by one man supervising the operation. So there too you have a very different picture of industry operating on the farm of to-day as compared to the farm of the old days.

We are interested in the working poor not only on the farms but in the cities. Is it not a fact that the working poor on the farm have been unable to keep up with this industrial transformation that has occurred in recent years? And what are we doing to assist them, both to understand it and to bring it about?

I was in Tokyo some four or five years ago. After the war when the great landlords were very unpopular, the Diet of Japan brought about an agricultural revolution. They took the great estates away from the monopolists who held them and divided them among the peasants, two acres apiece. Then they found that two acres was not enough. I actually have seen ploughing being done on these little two-acre plots with oxen.

What the Japanese were doing at that time was inducing those people to leave the farms and go into the factories, making it possible for them to do so, giving them wages which were sufficient to attract them off the farms, and they were combining these two-acre farms into larger ones, the situation then being such that tractors and other farm improvement machinery could be economically applied as could not happen in the case of the two-acre farms.

We are in the same position here. One of the witnesses touched on that as a result of something that Senator Carter said about it, the homing of these people, instead of taking them into the cities, and particularly if they are past the age of taking part in city activities, locating them somewhere on the farm. And I suppose he meant using the uneconomical farms to be part of a larger farm on which machinery and modern methods could be applied and fully utilized.

Is that not the necessary evolution that must take place, that is taking place? And what are we doing to advance it? What are we doing to end this business of the poverty-stricken small farmer on a patch of land which is not sufficient nowadays to produce a product which can compete with the method which is used elsewhere to produce that same product? What are we doing about it? Are we talking about it only? Have we programs to advance it, to get rid of these poverty-stricken farms?

Dr. Poirier: We have done something about it. I am afraid it is not nearly enough, and I am not talking only about our department but about society generally. What we have done in the department along this line is that we have changed our credit system so that people could re-group some of these farms. The federal government is making available retraining for some of them. However, we are still lacking in all of this a method of looking after the ones who want to stay there and who cannot produce as farmers any more. This is what we have in mind in this project that we have outlined to you of early retirement. However, even if we were to implement that, we would still have some problems with some of those individuals. There is no doubt about that. If we implement this policy of early retirement there would still be individuals who would not fit in because of their ages, individuals who are still on parcels of land that are too small to permit income that is satisfactory. So that even after all this good work were done we would still have some poor people in the country to look after.

The Chairman: Mr. Parker, did you wish to say something?

Mr. Parker: Perhaps, Mr. Chairman, just to follow along Senator Roebuck's thinking for a moment, I should point out that occupied farms in 1941 in Canada were almost 733,000 in number. In 1966 the figure was 430,000. So

there has been a marked decrease in the number of occupied farms.

As to size of farms, in 1941 the average size was 237 acres. In 1966 it was 404 acres.

Perhaps I might be permitted to say that the subsidies that have been paid during that period have perhaps eased that drastic adjustment that took place. Had subsidies not been paid the adjustment process would have been much more difficult than it is even now. It has eased it considerably.

Dr. Purnell: Mr. Chairman, I would like to make one supplementary comment to Senator Roebuck and the group. The essence of our department's programs, and, I think, of government in general, is to leave choice to the individual, to have programs voluntary on the part of the individual. Even after the implementation of what one might think is an optimum combination of programs, perhaps as a result of the deliberations of this committee and other groups, there will be some people who choose to remain in a situation which perhaps you and I feel is not to our liking but it is to their liking. I think we need to build that into the essence of any program or set of programs on a continuing basis, to leave the choice to the individual as much as possible.

Senator Roebuck: Quite so. We are not like Russia. We cannot push people around. We have been giving a lot of money by way of subsidies and so on that has brought about a very remarkable change, as I see from these figures. The number of farms in 1941 was what?

Mr. Parker: 733,000.

Senator Roebuck: That came down to what?

The Chairman: 430,000.

Senator Roebuck: And the acreage?

The Chairman: It almost doubled.

Senator Roebuck: Yes, that has almost doubled. That is a pretty good showing. It has no doubt been brought about to some extent or perhaps to a large extent by the farm assistance programs that have been entered into. But is that all we are doing? Have we a real drive going on towards changing over and keeping up with the times in the matter of farm organization, the amount of land under cultivation in each unit, and the equipping of it? Have we a drive on?

Mr. Parker: Mr. Chairman, first of all, if I might correct an impression I might have given Senator Roebuck, I did not mean to infer, sir, that the subsidies had brought about this change, this vast reduction in the number of farms. What I meant to imply was that this was a very drastic change, a very drastic reduction of some 300,000 occupied farms. It was a tearing process. Without the subsidies it would have been more of a tearing process. The subsidies have eased that process. They have not necessarily brought it about.

Senator Roebuck: Well, it helped the process.

The Chairman: What about the second portion?

Dr. Purnell: Mr. Chairman, Senator Roebuck, you have asked about the government's activities at the present time designed to assist farmers to make these adjustments and increase the viability of their operations, what specific programs we have I would point directly at the one we named in the brief called CANFARM, the Canadian farm data processing system, which is a national system designed co-operatively by the federal department of agriculture, provincial departments of agriculture and the universities, which establishes the use of electronic computers to enable individual farmers to keep monthly records of their farm operations by enterprises right down to individual cows, if necessary and desired by the farmer, and by which the operation of the CANFARM system can analyze the farmer's operation, determine where his strengths and weaknesses are, and indicate adjustments which he might make in terms of enterprise selection, input combination, size of operation, and this kind of thing, in order to improve his economic viability.

The analysis is made of his own records and, on a confidential basis, compared with groups of farms of a similar type to his in order that he might know where he stands relative to his counterparts in the industry. This is the innovation that is taking place at the present time. It will be available to individual farmers in 1970. It is in the pilot stage in 1969. We have 500 farmers signed up on the program, on the pilot operation.

Senator Roebuck: How much does a computer cost?

Dr. Purnell: The cost of the program to date is in the neighbourhood of three-quarters of a million dollars.

Senator Roebuck: I meant to an individual farmer.

Dr. Purnell: The policy has not yet been established that there will be a charge to the individual farmer. If there is a charge made it would be very nominal, I would suggest, based on the principle that people will use information that costs them something a little more quickly than they use free information and service.

Senator Pearson: Will the income tax people have access to all that information?

Dr. Purnell: I mentioned, Senator Pearson, that this is confidentially maintained and unless the individual farmer signs a release it will not even be used in the national data library, being a pool of information on which researchers may wish to draw for evaluation for policy purposes, for agricultural adjustments, for questions which were raised earlier by the honourable senators.

Senator Fergusson: This sounds like a really wonderful thing. I was interested in reading about it but you have made it much more clear now, Dr. Purnell.

Coming back to my first question about the poor farmer, and it is the poor farmer we are interested in, how are you going to get him interested in it? You said you have 500 signed up. Is it going to be the good farmer who will benefit only? Or will it help the poor farmer?

Dr. Purnell: There are 500 signed on in the pilot operation but we estimate that within five years there will be over 50,000 farmers participating. This will all be on a voluntary basis. As I mentioned in my own philosophy before, this should be voluntary, the individual should have the choice. And I mentioned that the fees will be nominal, if such fees are established, so that it would not be a barrier to participation. And, Senator Fergusson, this could be tied in with this rural counselling process that we mentioned earlier. There is no reason why it should not be tied into a rural counselling service, whether the rural counselling is offered by a federal agency or a provincial agency or some combination.

Senator Roebuck: That will give him a knowledge of the cost then of his product, will it? It will be a costing project?

Dr. Purnell: Mr. Chairman, yes, the operation will give him a knowledge of his costs, what his costs were last year, what his costs

are now, what his returns are from one enterprise, say sheep versus hogs versus poultry, whatever he might have. It will offer him an opportunity to compare his returns and costs with his neighbour's or groups of neighbours on similar types of farms. It will perhaps offer him information that will enable him to adjust his program so that in the future he can cull his animals, he can change his breeding program, he can change the size of his operation in accordance with the suggestions coming out of the analysis, still leaving him with the free choice to do this.

Senator Roebuck: I presume then it will enable him, in association with his neighbours, to do better pricing?

The Chairman: Senator Inman, did you have a question?

Senator Inman: If some form of guaranteed annual income scheme were instituted would it be appropriate to include assets in the assessment of a family's living standards? For example, by determining the value of its assets and dividing it by the lifetime expectancies of the family's age groups. Would raised assessments be feasible?

Dr. Purnell: Mr. Chairman and senators, the guaranteed annual income concept, I believe, at least in my own personal philosophy, should not deprive people of an incentive to do something on their own behalf. To the extent that inclusion of assets and evaluation of their assets, as you have suggested, would not deprive them of this incentive, it could be done, and perhaps should be done. To the extent that inclusion of assets and having that influence the income they they were guaranteed or influence the amount of work they would put forth to have income of their own, I would say that this would be a serious question and it would have to be considered by the people involved.

Senator Inman: Thank you. I have another question. You mention in the summary on page 4 that gross sales of farm products lower than \$5,000 are inadequate. In that \$5,000 that the farmer should get do you take into consideration his own food that he raises on the farm?

Dr. Poirier: Usually we do. There were two calculations made here, one of which was in order to determine the approximate number of "poverty" farmers in Canada. The first one took into account only his income as it was coming out of the farm. Of course we would

take into consideration, and I think the statistics do too, what is consumed on the farm. In the other one we took into consideration two things, the income from outside the farm and, as well, we took into consideration the fact that a certain number of farmers, because of age and family size and that sort of thing, have not exactly the same needs. That would reduce the number of "poverty" farmers. This was the second estimate we had on page 5.

To answer your question, when we talk about revenue from the farm we include in that what they produce for themselves.

Senator Inman: That would be apart from the \$5,000?

The Chairman: No, it would be included in the \$5,000.

Dr. Poirier: It would be included in the \$5,000.

Senator Inman: You have here though that it is income received from farm operations and that gross sales of farm produce lower than \$5,000 are inadequate. You mentioned \$5,000.

The Chairman: It includes that.

Dr. Poirier: Gross sales would include the things that would be "sold" to themselves.

Senator Inman: I see. Thank you. One more question. Have you made any estimate, Dr. Poirier, as to what percentage of farms in Prince Edward Island are considered at the poverty level? Have you any figures in that regard?

Mr. Parker: For the Atlantic provinces as a whole, Mr. Chairman, the percentage is 78 per cent of farms produce sales less than \$5,000.

Senator Inman: You do not have the Maritime provinces individually, I take it?

Dr. Poirier: We could get it from the statistics.

Senator Inman: I had one more thing.

The Chairman: While you are at that, there are three or four questions which were left unanswered. Gentlemen, you will be so good, at your convenience and over not too long a time, I trust, send in a complete answer to these matters so that the committee may have it and I can put it in the file.

Go ahead, Senator Inman.

Senator Inman: The Department of Agriculture feels it has a responsibility to speak for rural people. When it comes to the formulation of general welfare programs, do you think there is communication enough?

Dr. Poirier: I think there is communication but we could still improve it, especially if we start developing a new overall policy for the poor people of Canada. It was just indicated that we should be asked for our expertise. We certainly hope we will be asked.

The Chairman: One question each for Senator McGrand, Senator Carter and Senator Fournier.

Senator McGrand: I want to go back to your adequate resources which were mentioned a while ago. In your brief you have a list of 37 references at the back. Among those there is no reference to the many articles written on forest farming, and no mention is made of forest farming in your brief. A great many people in this field believe that forest farming is perhaps the future of eastern Quebec and the Atlantic provinces, at least some of the Atlantic provinces. I was just wondering why in the preparation of your brief you omitted that?

Dr. Poirier: In most provinces, they get their help from the Department of Forestry and we thought they would be covering it. That is the main reason. If they do not we will have to get together.

The Chairman: Senator Carter.

Senator Carter: I want to come back to that question I raised earlier. The more I think about it the more unsatisfied I am with the answer. You gave figures to Senator Roebuck which indicated that since 1941 the number of farms has practically halved and the size of the farms has practically doubled. There is no indication of this but all this must have had some impact on poverty in rural areas. The thing that bothers me is your answer to Senator McGrand's question when you said or you implied that part of the solution was in the increase from \$50,000, I think it was, up to \$75,000. I can see that working if the land is productive but if it is not productive or if it is marginally productive land, all you are doing is stalling for the moment and creating a bigger poverty farm in ten years time and that, to my mind, is no answer to poverty. That solution does not make sense to me unless it is productive land that can compete because it is the difference in the rate of

productivity which is really creating part of this problem. Their rate of productivity can never increase fast enough to keep up with the more productive land, so that you are going to have this poverty section all the time, except that it will get bigger. It does not seem to me that that will be eliminating poverty.

Dr. Poirier: When we were talking of adjustments as to investment we were not talking only about land. A lot of the adjustment has to be done in other elements of the investment. When we are talking about adjustments to get farm units that will be more productive, more efficient, we are certainly taking into consideration the quality of the land, and this was said by Dr. Purnell, that if we had a scheme by which we could retire farmers early, that the land we would acquire through this scheme would be put to optimum use for that type of land. Any of that land that was really marginal or not productive enough to produce revenue could be given back to forestry or would be organized for recreation or would be left completely out of the stream. This is what we were talking about in this regard.

We were not talking only of adjustments for land; we were talking about the investment. We were talking about the total investment. I would say that in the last ten years a lot of the adjustments, in order to create viable farms, have been very often of other than the nature of increasing the area of the land; that is, increasing the machinery there and increasing the productivity of the land by inputs of fertilizer and things of that sort, underground drainage, and so on.

Senator Carter: But it only applies to land which you are reasonably certain can be brought up to a certain level of productivity?

Dr. Poirier: That was the purpose. I am sure there has been some land at certain places that has been re-organized which did not have the basic potential.

The Chairman: Senator Fournier.

Senator Fournier (Madawaska-Restigouche): With all the good will and the good intentions of the Department of Agriculture, there is still a great group of people we are not touching. I think we will find when we travel around the country, in the Maritimes mostly, we will find thousands of people that you cannot call either farmers or labourers. They have perhaps a little farm and they

have a large family. As labourers they have not quite the education or know-how for a trade. They are part-time labourers. They may be picking up \$1,200 or \$1,500 a year plus having this little farm with a few cows and a small house, just enough to make a living. This to me is where the poor people are in the country.

So far we are doing very little for these people. They do not qualify for anything. This would be a very long matter if we got into it. I hope we do not open debate on this because I know you have not the answers and neither do I. But I am sure we are going to find in that manner where the great group of rural poverty exists.

Dr. Poirier: We certainly have a lot of rural dwellers who in the past years have been put in our statistics as farmers just because they had a farm, a cow or two, things of that nature. You are certainly correct in saying that this is a separate problem from the farming problem, and we will have to find somebody to look after them because I don't think anything we will do will influence this group as far as the Department of Agriculture is concerned.

Senator Fournier (Madawaska-Restigouche): I agree.

Dr. Purnell: Mr. Chairman, if I might make a supplementary answer to the senator, one of the things, senator, as you well recognize, and as the members of this committee well recognize, that makes it so difficult to grapple with this problem is that these people are not in pockets, that they are dispersed throughout the entire country, that our statistics show that maybe a third of them are found in pockets of poverty but the other two-thirds are dispersed throughout the country. It is therefore very difficult to identify with them and to deal with their problems. So that is in support of your comment, but perhaps underlying that, we cannot look in any one province or any one region or any one area for the poverty problem or for a solution to it.

Senator Fournier (Madawaska-Restigouche): I think I would go along with that.

The Chairman: Let me just repeat that some of the senators have already indicated the feeling of the committee with respect to your brief and concerning your answers to their questions. On behalf of the committee I would like to indicate to you that this was a thoughtful, carefully drawn brief. You obvi-

ously took considerable pains to present the views of the department as they affect poverty and particularly the poverty-stricken. We are very appreciative of it. We are not yet overly knowledgeable about the rural aspects of poverty but we have many people on our committee who do know the problem. So again I indicate to you that, as we familiarize ourselves with the problem, there will be areas of concern which we will bring to your attention and on which we will ask you to once again give us some evidence and some information and will call you back at a later date. Thank you very much.

Senator Carter: I wonder, Mr. Chairman, if, as to those figures you have to Senator

Roebuck, you could indicate what impact that has had on rural poverty?

The Chairman: I think that has already come out. You gave those figures. Do you remember the figures you gave, the 733,000, the 430,000, the halving of the people and the doubling of the farms? At the same time in your presentation to us you indicated the effect that you think it has had.

Dr. Poirier: That is about all we could do.

The Chairman: Very well. Thank you very much.

The hearing adjourned.

APPENDIX "L"

UNEMPLOYMENT INSURANCE
COMMISSION
CANADAOttawa, Canada,
June 11, 1969.

The Hon. David A. Croll,
Chairman,
Special Senate Committee
on Poverty,
The Senate,
OTTAWA, Ontario

Dear Sir:

I appreciated very much the opportunity of presenting the Unemployment Insurance Commission's views before your Committee on June 3rd, and I am particularly thankful for your direction.

You requested additional information concerning the possible cost of sickness and maternity benefits if these benefits were paid to people who became unemployed for these reasons. We estimate that the cost of sickness benefits would range between \$35 and \$55

million per year, and the cost of maternity benefits between \$40 and \$55 million per year, based on a maximum duration of 15 weeks for a benefit that would represent 66⅔ of the claimant's average earnings. We can thus anticipate a range of between \$75 to \$110 million a year for both benefits.

Some of these costs would be offset by the fact that some people are now entitled to draw regular benefits when they are unemployed because of sickness or maternity. We cannot estimate the exact offsetting cost. What is more significant, however, is that we see the extension of unemployment benefits for sickness and maternity, but only within a complete restructure of the program which would eliminate present anomalies and bring about a rationalization of benefits.

As you requested, I am enclosing a brief analysis of programs of interruptions of earnings due to sickness and maternity in selective countries.

Should you require any additional information, I would be very pleased to provide it.

Yours sincerely,

M. M. DesRoches,
Chief Commissioner.

Appendix to letter of
June 11, 1969 to The
Hon. David A. Croll.

General Notes on Programs
for Interruptions of Earnings
due to
Sickness and Maternity

Sickness and Maternity Programs providing cash benefits for loss income have increased from 24 countries in 1940 to 65 countries in 1967.

All European countries have programs of sickness benefit and in all but 8 countries in North and South America. Five countries in the Middle East and 8 countries in Asia and Oceania and 6 countries in Africa have cash sickness programs.

Although Maternity programs are not so widespread they are found in almost all areas around the world.

The great majority of the programs are ones that provide both benefits for loss of income, and medical services in the event of sickness or maternity and are financed by a tripartite arrangement of employees, employees and the government. Exceptions are the U.K., Australia, most of the European Communist States, etc., where cash benefits are paid as above but medical services are provided by the State.

In the following notes and the attached Table, reference is to cash benefits for loss of income and not to medical and hospitalization programs which are designed to defray such type of expenditure.

Coverage

Coverage for sickness and maternity varies widely from country to country but the tendency is for coverage to be more extensive in the more industrialized nations and in almost every case coverage extends only to those who are working under a "master and servant" relationship so that the "own-account" worker is generally excluded.

Financing

The financing of sickness and maternity programs is generally by means of a fixed percent of earnings collected equally from

employers and employees with a ceiling beyond which further contributions are not collected. A special fund receives these monies from which expenditures for cash benefit and medical assistance are then taken. A sizeable group of countries, however, do not have a separate fund for this purpose but merge the financing of sickness and maternity with the funds available for all types of social insurance payments.

Many countries provide a governmental supplement to the funds collected so that tripartite financing is the most common policy followed although there are programs financed wholly by employers, wholly by the government, wholly by employees and the government or wholly by employers and employees.

Qualifying Conditions

Most programs require a minimum of contributions or employment in addition to being incapacitated so that only those who regularly derive their livelihood from employment are covered. The length of the labour force attachment varies widely with the qualifying period for maternity generally being longer than for sickness.

Payments

To qualify for benefits, the worker must show an actual wage loss i.e. they must be unable to work and not be receiving their regular wages or sick leave payments from their employer and they must have a medical certificate.

The rate of sickness benefit is generally from 50-75 per cent of average earnings over the preceding few months with supplements for dependents. Most programs provide for a fixed maximum amount and waiting periods are from 2-7 days and often a retroactive payment covering the waiting period is allowed if the incapacity lasts beyond a specified time such as 2 or 3 weeks. Payments are usually made on a weekly basis with 26 weeks being the most common duration.

Maternity payments to working women usually are for 6 weeks before and from 6-8 weeks after confinement and payments range from 50-100 per cent of average earnings.

The following table summarizes the foregoing for selected European countries:

TABLE SHOWING COMPARISON OF SICKNESS AND MATERNITY PLANS*

	Coverage	Financing	Qualification	Level	Waiting Period	Duration
BELGIUM						
Sickness.....	employed and own account workers	tripartite	120 days	60%	—	1 year
Maternity.....	same as sickness	same as sickness	10 months	same as sickness	—	6 weeks before 6 weeks after
ENGLAND						
Sickness.....	employed and own account workers	tripartite	26 weeks in past 50	flat rate—max 80%	3 days	1 year
Maternity.....	all mothers	same as sickness	26 weeks in past year	flat rate	—	11 weeks before 7 weeks after
FRANCE						
Sickness.....	all workers	employee and employer	60 hours in past 3 months	50% rising to 66% if dependents	3 days	3 years
Maternity.....	same as sickness	same as sickness	60 hours in 1st 3 months of last 12 months and 10 months of employment	same as sickness	—	6 weeks before 8 weeks after
NETHERLANDS						
Sickness.....	workers earning less than 11,500 guilders per year	tripartite	no minimum	80%	3 days	52 weeks
Maternity.....	same as sickness	same as sickness	same as sickness	100%	—	6 weeks before 6 weeks after
SWEDEN						
Sickness.....	workers earning at least 1,800 crowns and housewives	tripartite	no minimum	flat rate	—	duration of illness
Maternity.....	same as sickness	same as sickness	same as sickness	% of income	—	180 days
WEST GERMANY						
Sickness.....	all wage earners	tripartite	no minimum	65% rising to 75% after 6 weeks	1 day	78 weeks
Maternity.....	same as sickness	same as sickness	10 months in 2 years 6 months in last year	100%	—	6 weeks before 8 weeks after

*The information provided herewith is in respect of interruptions of earnings due to loss of employment arising from sickness and maternity. The countries shown also have programmes which provide medical care.

APPENDIX "M"

BRIEF
TO THE SPECIAL COMMITTEE ON
POVERTY
OF THE SENATE OF CANADA

SUBMITTED BY
THE CANADA DEPARTMENT OF
AGRICULTURE

OTTAWA, ONTARIO

JUNE 17, 1969.

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SECTION I

THE PROBLEM OF RURAL POVERTY

Poverty may be defined in social, economic or psychological terms. Poverty is the economic privation which denies an individual or a family an income required to maintain a satisfactory standard of living. Poverty is the lack of opportunity for an individual to obtain and keep a steady job. It is insecurity, instability and uncertainty, in the present and in the future for the whole family. It results in malnutrition and early drop-out from schools creating a self-perpetuating cycle of life from generation to generation. Finally it is the psychological frustration resulting from the inability of these individuals to do anything about their deprivation, themselves.

Poverty in Canada is widespread. It exists in rural as well as in urban areas. It affects the white population, Indians, Metis, and Eskimos. Its incidence is greatest in the Atlantic provinces as well as in sections of the other provinces. It is also prevalent in the most prosperous areas.

The specific area of concern respecting poverty of this department is with the low-income farmers. Throughout its existence, the Department of Agriculture has been closely associated with rural people and their problems. With the expansion of the role of government, other parts of the government have assumed some of the responsibility for the solution of rural social and economic problems. However, the Department of Agriculture has a vital interest in the formulation and implementation of policies and programs affecting rural people, in particular those directly or indirectly engaged in agriculture. Department policy and programs are outlined in Section II and current views and considerations are discussed in Section III.

The growth of the Canadian economy has been spectacular. It has enabled the achievement by average Canadians, of very high standards of living, while absorbing a large number of immigrants. It has a massive productive capacity and has had long periods of near full employment. Certain segments of the population, however, have not followed the mainstream of economic development. They constitute the poor in our society. Agriculture contributes significantly to economic growth but in spite of this many engaged in the industry find themselves in economic difficulty.

Categories of Poverty.

Several categories of poverty resulting from this economic maladjustment have been suggested by the Canadian Welfare Council. All these kinds of poverty are either found in rural areas or affected by rural conditions, but no accurate data on the proportion of each are available. These categories are:

Life-Cycle Poverty—Only a minority of the population is earning an income at any given time; other people depend on those who are actually working or on their accumulated savings. Poverty will thus affect people during certain periods in their lives; in childhood, when they are raising a family of their own, and in old age. Family allowances and old age security programs are especially designed to deal with this type of poverty.

Depressed Area Poverty—Canada, a vast country with large areas of thinly scattered population and some regions that depend on declining types of economic activity, such as coal mining in Nova Scotia, lumbering in Eastern Ontario and Quebec, is particularly affected by this type of poverty. The handicaps of isolation are aggravated by the handicaps of poor education, communications and other conditions that affect minority groups, as well as conditions that impede integration with the national community.

Crisis Poverty—Unemployment, illness, accidents, death of the bread-winner may, sharply, although only temporarily, lower the levels of living of some people. Social insurance programs supply strong safeguards against crisis poverty but offer little assistance to those who are not strongly attached to the labor force or those who suffer from extended illness.

Poverty Caused by Long Term Dependency—Many people will never earn a living because they have been physically or mentally handicapped from birth. Modern medicine and technology enable some people to free themselves from this type of dependency. The Canadian Assistance Plan and other social assistance measures protect the "long-term dependency" poor against crisis conditions of lifelong poverty.

Inner-City Poverty—In large towns the poor people tend to congregate in particular areas and ghettos and this concentration is likely to lead to a mutual reinforcement of social handicaps. These areas usually become

a refuge for large numbers displaced from agriculture.

Causes of Rural Poverty

By and large, agriculture has been the main industry in rural areas. Rural poverty has been in part caused by past as well as present imperfections in the adjustment process necessitated by the growth in agriculture. Historically, agriculture has been characterized by technological developments which have continually led to increases in farm size and investment and the substitution of capital for labor, and by a slowly expanding demand for farm products. To maintain adequate returns to labor in agriculture it was necessary that some farmers adjust their farm organizations to the new technology while others move out of agriculture. Neither the farm adjustment nor out-migration occurred at a rate sufficient to eliminate low incomes in agriculture. On the one hand, managerial, capital and institutional constraints have restricted the gains from technology to a small number of farmers. On the other, education, age, personal preferences and other reasons inhibited the migration of others. Thus, while a proportion of farmers were able to establish efficient and viable operations or could do so with some help, a segment was trapped in the rural sector unable to either establish viable units or leave the sector. They constitute the least productive workers in rural areas, and receive a modest living through farming and off-farm work. In many cases they enter the ranks of farm laborers and other lower rungs of the rural occupational hierarchy. Moreover, poverty in agriculture is compounded by poverty due to regional disparities in economic growth.

Little information is available on the dispersion and magnitude of poverty in rural Canada. In the first place there is no common agreement on a conceptual and an operational or statistical measure of poverty. Poverty is both absolute and relative. In an absolute sense, the problem is to determine an array of cut-off points, based on needs, size of families, their location and other relevant factors, which will indicate the proportion of the population that would be considered poor. The determination of such cut-off points is arbitrary but necessary for the formulation of programs.

Poverty is also relative to time and individual aspirations. The basket of mini-

mum consumer needs considered essential has changed from decade to decade. This change reflects the technical developments in the economy and its movement towards a mass consumption society. As the flow, type and kinds of goods increase, so does our conception of a minimum requirement. Similarly, it differs by individual aspirations. Pepin¹ has described the modest wants of back woodsmen and their life satisfactions as well as those of semi-retired farmers who own their own farms and engage in modest farming operations. By conventional income measures of poverty they would be considered poverty-stricken, though individually they may be satisfied with their present life because they have fewer wants. Recognition of these situations does not exclude the need for programs for the education and training of their children.

Measuring Rural Poverty

Several statistical measures of poverty have been proposed. Among these have been the fixed income or poverty line below which incomes are considered to be low and the construction of family budgets of normal items of living and comparing these to the existing distribution of incomes to determine the proportion of the population that cannot purchase the items in the proposed budgets. While these measures are conceptually logical, difficulties are encountered in the statistical measurement of poverty due to limitations of data on incomes and other factors.

The methods and problems in measuring low incomes are adequately documented in "Incomes of Canadians", a monograph published in 1968 by the Dominion Bureau of Statistics. Low income families are defined as those families that, on the average, spend 70 per cent or more of their income on essentials such as food, clothing and shelter. According to 1961 census figures, about 150,000 of the 275,000 farm families that depend chiefly on farming for their livelihood belong to the low-income group; these families account for about 550,000 persons. The Dominion Bureau of Statistics defines low income as income lower than \$1,500 for one person, \$2,500 for two, \$3,000 for three, \$3,500 for four and \$4,000 for five or more persons, in 1961 dollars.

¹ Pepin, P. Y. *Life and Poverty in the Maritimes*. ARDA Research Report 3, 1967.

Buckley and Tihanyi in 1967¹ combined data from the 1958 farm family income survey and the 1961 census to provide a picture of rural incomes at the beginning of the decade. Average urban family income was \$5,796 compared with farm family income of \$3,645, 37 per cent less. Forty-four per cent of the 1.1 million rural families were "poor"—two fifths of the rural poor were farm families, three fifths were non-farmers. While about a third of the poor farmers resided in counties which could be considered as "pockets of rural poverty", two-thirds of the hard core poor were dispersed in the more prosperous agricultural regions.

A position paper on low incomes prepared for the Federal Task Force on Agriculture² updated these figures and used the 1966 census data to make two estimates of farm poverty. The first assumed no substantial income supplements from off-farm sources and the second assumed a \$15 per day wage for off-farm work and 1958 gross to net income ratios. On the first approximation, farms with less than \$5,000 sales were included in the small-farm sector. In 1966, those farms accounted for 55 per cent of Canadian farms (238,000 out of a total of 430,522) but contributed only 14 per cent of the country's agricultural production. The value of sales originating from this sector was equal to the value of sales of 6,000 or so of the largest farms.

Although there was a large concentration of the very young (under 25) and very old (over 60) operators, in this group, men in their prime of life constituted the majority. The small farm sector embraced 75 per cent of all farms in Quebec and in the Atlantic provinces. But low income farming was not confined to these regions. The northern fringe of agriculture, which cuts through Ontario and the Prairie provinces has income patterns closely resembling those of the Atlantic provinces. According to the position paper on the low income sector in Canadian agriculture of the Task Force "high poverty concentration occurs mainly in fringe areas with grave disabilities for agriculture, settled when sub-

sistence farming was acceptable as a way of life. Ease of entry combined with weak demand for labor in our industries placed many families on the land; government policies often lent encouragement. Today, marginal farming is practiced in some areas with little assistance from other industries; in others, farming has never been more than a secondary occupation but is nevertheless part of a pattern which yields very low incomes from all sources combined".

The position paper for the Task Force estimated that there were about 170,000 low income farmers in 1966 according to the second set of assumptions. However, they were modified taking into consideration the age distribution of farmers (financial responsibilities decline with age) and the problems of estimating income from supplementary sources. With reliable data, an educated guess of low income farmers was made at about 120,000.

The Task Force has not made estimates on the extent of poverty in the rural sector as a whole.

Recognizing Need to Eliminate Poverty

In Canada, the undertaking of a national program to eliminate poverty can be justified for two reasons. First, it has been recognized that poverty does not result from an individual's own making but is due to conditions largely beyond his control. It is mainly the lack of opportunities resulting from imperfections in the economic, social and political environment. Secondly, although individualism has been ingrained in the Canadian value system, the Darwinian concept of survival of the fittest has never been accepted as a political ethic in the conduct of government. Hence the burden of low incomes and of adjustment to economic, political, technological and other changes that, even in earlier periods was not usually placed on the individual and his family, is now gradually becoming a national concern of the state. With the national endowment of resources, there is no question that technically it is possible for all segments of the population to achieve a socially acceptable level of living. The achievement of this goal has to be recognized by our citizens as a matter of social justice and not of charity.

Specific Characteristics of Rural Poverty

Because of its distinctive characteristics poverty in rural areas calls for special pro-

¹ Buckley H. and E. Tihanyi. Canadian Policies for Rural Adjustment. A study of the Economic Impact of ARDA, PFRA, and MMRA, 1967.

² The Federal Task Force on Agriculture has not submitted its final report. References made here are to the position papers submitted for discussion by the Task Force to the Canadian Agricultural Congress, March, 1969.

grams and lines of action which will differ from those designed for urban areas. The incidence of poverty is greater in the rural areas. Of the total poor, about 62 per cent are found in metropolitan and other urban areas and about 38 per cent in the rural areas. However, 45.9 per cent of rural families are poor compared with 16 per cent and 26 per cent of families in metropolitan centres and other urban areas, respectively. Average incomes of farmers, trappers, hunters, fishermen, miners, and other occupations who are concentrated in rural areas are very much lower than those of occupations in other sectors of the economy. In 1961, the average annual income of farm workers was \$3,567; loggers \$3,910; and fishermen, trappers and hunters was \$3,342; while the average for all occupations was \$6,815. In addition, incomes among these occupations are distributed inequally, compared with those of professional people.

The production phase of the agricultural industry is still composed of a relatively large number of individual and independent farm operators, despite an average yearly rate of decline of 2.2 per cent in farm numbers in the 1961-66 period. Farms are generally widely dispersed with wide differences in farm size, type and capabilities, both within and among regions. While a great deal of change has taken place through intensification, specialization and farm enlargement, resulting in 64.3 per cent of all occupied farms being classified as commercial in 1966 as compared with 37.7 per cent in 1951, a large proportion are in the income grouping bordering the break-off point of \$2,500 annual sales of farm products. In addition, the incidence of small farms shows a marked regional variation resulting in a concentration of poverty conditions in certain areas.

Incomes in rural communities are to a large extent dependent on the production and marketing of agricultural products. Not only is agricultural production subject to uncertainty of weather but prices of farm factors and farm products are largely determined outside agriculture, except when commodities become the object of bargaining through contract farming and marketing boards. In all sectors of industry, monetary and fiscal policies, administered prices, and labor unions have tended to eliminate fluctuations in incomes resulting from cycles in business activity. Such a situation does not exist in agriculture. The relative earnings of agriculture depend

on a host of factors which are beyond the farmers' control.

Rural communities have lost a large segment of their organizational political and social leadership through migration. In general, many of the low income rural communities do not have the resources and services required for economic and social development and to eliminate poverty conditions.

With the continuing shrinking of the rural population its voice in national affairs has diminished. There is a danger that the spokesmen for the rural population do not articulate the interests of the poor in rural areas. With their reduced importance, they may tend to ally with other non-rural groups with similar interests. As representatives of the poor, per se, are rarely elected to political office, the government usually has to articulate the views of the poor.

As most occupations in urban areas are covered by minimum wage legislation, the least productive workers tend to accumulate into occupations that are exempted. These occupations are those mainly in rural areas, such as farm laborers. Inevitably they lack education or any training, and are in the older age groups. They also include Indians and Metis.

Finally, many rural communities are geographically dispersed. They are located at considerable distances from urban centres, seats of governments, major highways, and often from better schools and hospitals. Government programs and their implementing offices are located in urban areas away from the reach of rural poor. Often, the need has been not for more training programs but for effective methods to communicate the existing ones to the rural people.

Section II

CURRENT DEPARTMENT OF AGRICULTURE PROGRAMS AND THEIR RELATION TO RURAL POVERTY

Through the years a great number and variety of assistance programs for farmers at all economic levels have been established and carried forward in the Canada Department of Agriculture. These have ranged from the early assistance to settlers for development purposes and efforts to offset regional agricultural disadvantage to current programs for production and marketing assistance, price and income maintenance, supplementary

income assistance and emergency relief, and research, education and extension.

The policies and programs of the Department are directed to the agricultural industry as a whole, with major emphasis on efficiency in the commercial sector. They are, however, also directed to policies and programs of resource adjustment and alternative use of land and to the rehabilitation of disadvantaged rural people. This latter category of programs might be regarded as "economic opportunity" and "income security" types rather than wholly anti-poverty, as such. However, nearly all departmental programs produce benefits which, in some degree, flow to disadvantaged rural people.

There are three broad classes of farmers in Canada, including: (a) the commercial farmers who operate economically viable units, (b) the low-income farmers who could become economically successful if they were provided with adequate resources, and (c) the farmers operating under economic and social conditions that preclude any real chance of future success. Poverty conditions affect farmers in the third class the most but they also restrain farmers in the second class to a significant extent.

Prominent in the settlement eras were provisions for homestead and preemption aspects of easy access to land, a national policy of transportation and immigration, and agricultural assistance accompanying Western expansion. While these policies and programs were concerned more with survival of agriculture as an element in colonial establishment and maintenance of the industry as a favourable investment frontier for the commercial sector of the economy, they certainly helped to promote rural welfare.

In the early part of the century the main phases of agricultural policy continued to be directed to land settlement and transportation through railway construction with some emphasis on public agricultural credit, production assistance and disaster relief. This indicated some balance in relative welfare for this sector of the economy as compared with labor and industry. In the case of the Prairie Provinces specific concern was generated for the welfare of both rural farm and rural non-farm segments of the population during the depression period of the 1930's. This also involved the first attempt at government assistance for moving and relocation of drought stricken farmers and for wholesale

disaster relief. These conditions forced the assumption by the federal government of financial obligations beyond existing jurisdictional responsibility as far as social welfare problems were concerned. It resulted later in a major piece of federal resource legislation directed to the restoration of agriculture and rehabilitation of farmers in the Prairie Provinces in the form of the Prairie Farm Rehabilitation Act (PFRA). This legislation and the work done by this organization is well known and needs no further elaboration at this time to Honourable Senators.

The growth in general welfare policy has been reinforced in its agricultural setting by the development of further federal agricultural policy with anti-poverty spin-off. These include the PFRA program already mentioned, the Prairie Farm Assistance Act (PFAA) and the Maritime Marshland Rehabilitation Act (MMRA). Measures of a more profound economic and social nature include the Agricultural and Rural Development Act (ARDA) and comparable measures of other federal departments and branches applicable to rural areas. A very brief review of other associated federal developmental and rehabilitation programs bearing on rural poverty is found in Appendix A. All these policies and programs have been complemented by provincial government efforts to assist rural people. In some cases these efforts have been coordinated and shared on a cooperative basis. Changes and development of new federal agricultural programs have occurred with important changes in the structure of the industry, as technological changes took place, and a new market situations developed. While the emphasis of these measures has direct application and orientation to production and productivity problems of all farmers, indirectly they have a strong bearing on the economic and social aspects of the small and low-income farmers and of rural communities and infrastructure. The social welfare of these measures is difficult if not impossible to measure. A large number of federal agricultural programs were especially designed for the agricultural industry but also give extra support to disadvantaged areas and to disadvantaged people in rural areas. With provincial programs they give a broad overlay of rural welfare support.

Production Assistance

Production assistance has been directed through programs towards the improvement

of livestock and crop production. Government funds have helped to improve livestock, introduce new crops and varieties and new types of implements for farm purposes. Programs have been developed to assist farmers with foundation or breeding stocks, to safeguard animal and plant health and to stimulate better husbandry through example and participation in competition. Government programs continue to emphasize disease control, increase in yields and quality improvement. As an example, expenditures of this department for the prevention and control of livestock diseases, not including research, are more than \$7 million annually, and other livestock production oriented programs excluding quality premiums amount to more than \$2 million annually.

In the case of crop improvement, government assistance includes the control and eradication of diseases, the breeding and distribution of new seed varieties and the regulation of the quality of inputs of farm production such as fertilizers. In addition a major contribution is the extensive research program of the department in all parts of the country and financial assistance for projects at universities and elsewhere.

Grants continue to be made to organizations whose aim is to promote improvements in agriculture. The list of recipients is extensive and includes organizations concerned with field crops, fruits and vegetables, farmers' and women's institutes, livestock, 4H clubwork for boys and girls, and agricultural fairs and exhibitions.

In the resource development field, mention has already been made of early government policies to encourage settlement and subsequent development of lands for agricultural purposes such as homesteads and pre-emption. As settlement neared its completion, government programs were instituted to encourage soil and water conservation, drainage and flood protection, and irrigation. The major organization in this area, PFA (also ARDA) has had a significant influence on agriculture in the prairie region in terms of rehabilitation and utilization of land through community pastures and resettlement. In the Maritimes, under Maritime Marshland Rehabilitation Administration (MMRA), dykes have been built to protect and reclaim marshlands.

Programs of assistance under the Agricultural and Rural Development Act (ARDA),

have the purpose of consolidating and enlarging farm units. Problems of inadequate farm size relate back to mistakes in land settlement and to inability of small farm operators to adjust to new economic conditions. Associated resource use aspects include programs to convert inappropriately used or poor crop lands to other alternative uses such as grazing, forestry and recreation. Honourable Senators will recall that this legislation was enacted after extensive enquiry by the Special Committee of this Senate on Land Use in Canada. ARDA was established first in the Canada Department of Agriculture and embodied some of the resource oriented features of PFRA as well as certain economic and social guidelines of the above mentioned Senate Land Use Committee and the Resources for Tomorrow Conference of 1961. Activities under the special Fund for Rural Economic Development (FRED) place a stronger and more specific social focus on disadvantaged low income segments of rural areas in terms of a total resource approach, including the human resource.

Farm Credit

Since 1927 the federal government has been active in making credit more readily available to the farmer. Before that date the major sources of farm credit were mortgage, loan and insurance companies. In addition, some provinces organized credit agencies for loaning purposes to farmers. Increased federal activity in agricultural mortgage lending started in 1959 when the Farm Credit Corporation replaced the Canadian Farm Loan Board. Other sources of federal credit has been available since 1942 in the case of the Veteran's Land Act and through a guarantee of bank loans since 1944 under the Farm Improvement Loans Act. With increased demands for capital to establish and operate economic farm units in the 1950's some provinces became active again in the field but in most cases they have recently vacated the field.

The Farm Credit Corporation has become the major government source of long term farm credit for farm expansion, mechanization and modernization. In addition to the Veteran's Land Act and the Farm Improvement Loans Act, other government agencies including the Industrial Development Bank and the Central Housing and Mortgage Corporation, have made a limited contribution to

farmers' credit needs. The Farm Credit Corporation has been highly successful in adjusting its program to the changing financial needs of commercial farmers. The supervisory services provided in conjunction with part III loans are the forerunner of a type of farm management service which it is expected will find general application in the future. It is felt, however, that there is a need for a separate credit program for potentially commercial or low income farms. In the case of these farms, which are usually of small size, a suitable supervised farm credit program for developmental purposes is probably of greater need than any other type of program in aiding farm adjustment and enlargement. The Veteran's Land Act with the assistance of a staff of supervisors has been relatively successful in building up many small farms into large and viable economic units. This suggests the ability of such farms to expand and adjust satisfactorily and to provide an adequate level of living under adequate credit and management supervision.

Farm credit needs have expanded greatly with increased farm size and specialization. An increasing volume of inputs, a greater proportion of which are paid for in cash and produced off the farm, are combined differently and more efficiently than in the past to produce a greater volume of farm products. Labor inputs have declined and been replaced by increased investments in machinery. Other capital inputs such as fertilizers, lime, pesticides and purchased feed and seed have risen spectacularly.

More credit will be needed and credit constraints, especially those relating to equity, will have to be relaxed if low-income farms are to be transformed into income generating, efficiently operated commercial farms. Large doses of capital could be injected in the areas of agricultural poverty to insure a greater and better utilization of resources for national economic progress and to build up opportunities for the local residents. Capital is needed to train surplus farm labor and to transfer that labor to non-farm types of employment; it is also needed to provide managerial expertise and the productive equipment required for the development of larger farm businesses.

A relevant amendment to farm credit legislation at the present parliamentary session, which has economic and social aspects for the

disadvantaged segment of the rural economy, is the provisions for long term loans to Indians on reserves. This will provide the same services to Indians as to other farmers to assist in developing farm businesses. It is also anticipated that the provisions of the Farm Machinery Syndicates Credit Act will be extended to farmer syndicates on Indian reserves. The long term loans under the Farm Credit Act will be guaranteed by the Department of Indian Affairs and under certain special conditions in the case of the Farm Machinery Syndicates Act.

Unemployment Insurance and Workmen's Compensation

Two other measures affecting the welfare of farm workers are now available. These measures are found in programs administered by the federal and provincial departments of labor and are being increasingly applied to the agricultural industry. Since April 1, 1967, unemployment insurance coverage has been extended to workers in horticulture and agriculture. This protection applies on a compulsory basis to all farmers hiring insurable employees. Farm workers thus receive the same protection as industrial workers in the event of involuntary unemployment. In the province of Ontario (since 1966) coverage of farm workers under the provisions of the Workmen's Compensation Act is mandatory. It provides compensation to workers if injured by accident at work, or disabled by certain diseases. In the other provinces, except Quebec and Saskatchewan, limited coverage for farm workers is available upon application.

Agricultural Marketing

In the field of agricultural marketing, government assistance is provided with respect to the provision of grading and inspection services of farm products as well as the control of marketing facilities for livestock and crop products. In most instances, these form an integral part of the production process, even though performed outside the farm boundaries. In addition, market promotion is a valuable government service which has an effect on the prices received by the farmer. However, government assistance with respect to the processes of markets and marketing efficiency has only a modest application and utility for the low-income farmer because of his limited volume of production.

Management Assistance

There are a substantial number of low-income farmers that are unable to adjust the farm business and to cope with economic and social problems encountered. They remain in agriculture and, without technical and financial assistance, are unable to benefit from technological advances. A major restraint other than inadequate resources, small scale of operation, and lack of credit, is their inability to organize and manage their agricultural farm business. For this group of farmers for whom there is a chance of improving their lot in agriculture, or have potential, and for commercial farmers, the Canada Department of Agriculture in conjunction with the provinces has developed a comprehensive and uniform mail-in farm account and data system (CANFARM) which has an important application for their managerial problems. By keeping farm records and by the analysis of these accounts through the use of computers, farmers can be provided with a financial picture of their farm business and a comparison with other farms. This can pin-point the major farm weaknesses. In the case of small and low-income farms, simple financial records of costs and returns for each enterprise will show which parts of the farm are making money or not, and why. This kind of program with some consultative services has the potential to increase farm income, improve farm practices and the decision making ability of farm operators. The system is on a pilot basis at present but is expected to be completely operational throughout the country in 1970. This type of service can be a means of combatting the lack of or raising the low level of aspiration of low-income farmers through involvement, study and analysis of their individual farm businesses.

Price and Income Maintenance

After World War II there was a strong demand by farmers for direct government intervention in providing floor prices for farm products. It had its basis in the use and experience of administered price ceilings during the war, and an agitation on the part of farmers for "parity" prices to provide a greater purchasing power and income for agriculture comparable with those of urban workers and entrepreneurs.

Other means to achieve the goals of price stability and equitable income distribution include producer marketing boards and pro-

grams, and supplementary income assistance. It is sufficient to mention here the long list of agencies and programs which have been developed by the Department of Agriculture and used to achieve price and income maintenance. These include the Agricultural Price Support Board (the Agricultural Stabilization Board since 1958); the Agricultural Products Board; the Canadian Dairy Commission; and a number of supplementary income assistance programs. These latter programs have provided freight and storage subsidies for livestock feed grain; payment for low crop yields to farmers in areas of the Prairie Provinces and in the Peace River block of British Columbia under the Prairie Farm Assistance Act; and insurance against crop losses in participating provinces under the Crop Insurance Act.

The federal government has also helped to alleviate distressed farm conditions resulting from adverse weather. These include the acreage payments to Western Grain Producers to meet cash difficulties and freight assistance on corn to the Atlantic Provinces. Federal-provincial emergency activities include compensation assistance to prairie farmers unable to harvest their crops in 1959; a forage bank program in 1961-62; seed oats transportation assistance in 1962; compensation for crop losses due to adverse weather in 1965-67; livestock emergency feeding programs extended since 1957.

The low-income or small farmers have shared in all these price and income maintenance programs that represent, in the main, income transfer payments. These payments have been of real help in providing relief and adding to the welfare of the most unfortunate farmers. This is not to say, however, that some programs have not deterred or tended to postpone rather than promote desirable resource use adjustments, essential to the long term economic well-being of the industry. In one case, e.g. eggs, the price support program established a ceiling on the volume of the product for which payment could be made. Thus incidence of the income payment favored the small producer and to this extent the payments have a welfare aspect.

Research

Since the establishment of our experimental farm system in 1887, the Canada Department of Agriculture has been intensively concerned with production research work. Federal research in Agriculture is carried out

at more than 60 centres across Canada. In addition, the National Research Council and the Agricultural and Rural Development Administration undertake research related to Agriculture. In sum total, the agricultural research effort of the federal government in 1966 was 68 per cent, the universities 23.5 per cent, and the provincial government's effort was 8.5 per cent of all Canadian agricultural research in terms of man years. The research program of the Department has been one of the strongest features of the federal government's policy in agriculture. It has been responsible for major advances in productivity.

The provincial governmental agricultural research activity is closely associated with the agricultural extension program. The research activities of the two levels of government complement each other and help to make the results of research applicable to farmers operating different types of farms in different regions. There is an understanding and a meeting of minds between the various research agencies and workers which result in the coordination of research effort. One important example of cooperation in research is the soil survey work by the two levels of government and the universities. Information gathered forms the basis for other scientific work and for advisory services to farmers in soil management and land use programs. Since a large number of small and low-income farmers have farms located on poor land, this soil survey work has particular value for the finding of crop limitations and for recommendations as to appropriate soil management practices.

Research on the social and economic problems of agriculture is mostly done by the Economics Branch which carries on: (a) production studies relating to farm costs and income, resource use, and farm organization, management and finance; (b) marketing studies concerning market planning and development, demand and supply of agricultural products; world agriculture and world trade in agricultural products, and co-operation. The meagre part of the Canadian research dollar spent for work in economics and in sociology is becoming the cause of some concern in the Department and in the whole agricultural industry. As late as 1966, only 8.1 per cent of the money spent for agricultural research in Canada was allotted to economics and sociology. Separate figures for agricultural sociology alone would indicate

that research in this scientific discipline is very inadequate. The Department is well aware of and wants to correct this situation by broadening its economic and sociological research base and by a better coordination and integration of research programs.

The Agricultural and Rural Development Act enables the federal and provincial governments to become partners in undertaking physical, social and economic research projects designed to solve the problems of our rural communities. A major ARDA project consists of an inventory of Canada's land resources, in which the provinces are participating. A wide range of social studies have been made with respect to the problems of small, non-commercial farms, in rural poverty, social involvement and levels of social and economic aspirations.

Education

Our young Canadians receive their education through universal elementary, public and secondary school systems operated under the authority and responsibility of each province. In recent years, the federal government has made grants to the provinces under various fiscal arrangements to meet the increasing costs of education. These grants benefit colleges, universities, technical and vocational schools. Of particular relevance to rural residents is the provision of technical and vocational training to prepare young people for both agricultural and non-agricultural employment. Vocational training is also provided for adults when such training is likely to increase their earning capacity or employment opportunities. Federal financial participation is provided by the Department of Manpower under the Adult Occupational Training Act of 1967, through payments for courses offered by provincial technical and other schools, and by industry. This is discussed further in Appendix A.

The relatively low level of formal education achieved by the majority of farm operators is a matter of real concern. In 1961, only 29 per cent of farm operators had more than elementary school education in comparison with 75 per cent of those engaged in managerial occupations elsewhere in the economy. Only 32 per cent of the farmers and farm workers had nine or more years of formal education. Enrolment in vocational agricultural training courses has remained relatively stable despite the apparent need for this type of training.

The Economic Council of Canada in its fifth annual review shows how a better education is essential for those who wish to stay in farming but need to adopt modern and efficient production techniques and manage larger farm units, and use the productive resources at their disposal to yield the maximum payoff.

Social studies of rural Canada point to educational disparities among certain regions. One study¹ shows that while the non-farm element of the rural population has been more similar in many facets to the urban population than the agricultural, there are nevertheless several characteristics of the rural, non-farm people that borrow more from the rural than from the urban milieu. As for educational endeavors, though, Whyte found that the proportion of the rural non-farm population going to school was smaller than that of the rural farm people regardless of age.

Extension

Agricultural extension in Canada is usually regarded as a responsibility of the provinces. The Canada Department of Agriculture is, nevertheless, a very active participant in extension work and its activities in that field are greatly appreciated by farmers. This situation has evolved partly from evident needs and from the availability of scientific and technical agricultural knowledge in federal agricultural branches and agencies, and partly from the development of specific and formal arrangements with the provinces to the mutual advantage of each level of government.

The research conducted by the federal department into the physical, economic and sociological problems of the agricultural industry and of agribusiness oftentimes serves as preliminaries to the formulation of programs and policies and, because of that, officers of the department are expected to maintain close and constant contacts with farm people. Inspection, grading and regulatory services cannot come to full fruition without some extension work. The more or less mutual obligations and interests have thus resulted in cooperation between federal and provincial government workers in extension and other aspects of the industry. This

has been formalized through various committees which meet at least annually to formulate recommendations to farmers. There is also one overall national committee, the Canadian Agricultural Services Co-ordinating Committee, which deals with the broad responsibilities and functions of agricultural extension and its services.

Agricultural representatives throughout the country are undoubtedly the people who do the most to bring the knowledge and recommendations of the departments of agriculture to the farmer. These officials endeavor to find practical solutions to agricultural production problems; they concern themselves with farm labor and natural resource problems; encourage the setting-up and activities of youth club work; and in a general way assume responsibility for the carrying-out of provincial agricultural programs. In recent years, he has been increasingly concerned with farm management and with the economic and social problems of his community or area. In some provinces the trend is now towards a broadening of the extension program, to include both rural farm and rural non-farm people. The agricultural representative participates in the work of local rural development committees, either as an advisor or as a resource leader. He can thus broaden the sphere of his technical and scientific influence, and use his knowledge of economics and sociology to improve the lot of rural people working at a disadvantage. Unfortunately, however, his influence is somewhat restrained by his inability to reach all local farmers, either because of their large number or because of the indifference of too many farmers. Several studies have shown that less than half of the farmers even meet their agricultural representative. As a result they tend to serve farmers of a relatively high educational level and those located on relatively high income farms.

SECTION III

A REORIENTATION OF POVERTY POLICY AND PROGRAMS FOR THE FARM POPULATION

Canadian agricultural policy is designed to improve the efficiency and competitiveness of agriculture, protecting the farmer against wide fluctuations in prices and unfair competition from other countries, enhancing his ability to protect himself against natural disasters, and promoting the development of adequate marketing structures.

¹ Rural Canada in Transition. Donald R. Whyte. Chapter I, page 68. Agricultural Economics Research Council of Canada.

Technological advances have brought about rapid changes in agriculture and the pace is likely to be maintained or accelerated in the future. The rapid decline in the number of farms, a large number of which are in the low-income category, and the large increase in farm size and capitalization are a strong indication of the tempo of adjustment. Current agricultural programs help to attain the adjustments to technological change through such facilities as research, credit and advisory services.

Canadian Farmers and the Problem of Poverty

A large number of farmers have been unable to adjust their farming operations to yield an adequate income and to cope with their economic and social problems. These problems include physical, institutional, educational, locational and human restraints, poor health and age. With the trend to increased scale and specialization in agriculture, the economic disparity among farmers has widened and now permits a fairly clear distinction into three broad groups. These three groups of farmers may be classed as (a) commercial farmers, (b) those with the potential to become commercial farmers, and (c) poverty farmers. This classification is based on the assumption that farmers depend solely on income received from farming operations. While a relatively large proportion of the farmers of the poverty class are found in certain well-defined depressed areas, the majority are dispersed in the most prosperous agricultural areas. The incidence of poverty among the farm population is much wider than generally is conceded.

On the basis of this classification, it is reasonable to suggest a separation of agricultural policies and programs for each broad economic class of farmer with a particular focus toward the potentially commercial farmer affected by low farm income.

The chief requirement for a successful poverty program is a whole hearted commitment to the goal of improving the welfare of those people who now suffer economic or social privation. Poverty programs must assist all people who have the potential to become as economically self-sufficient as possible and provide a reasonable level of living for those who are not employable. A major commitment of financial and technical services is essential.

The low-income problem of many Canadian farmers and rural residents cannot be solved in a short period of time nor will a single massive program solve the problem. Poverty has many causes, manifestations and facets. To assist the rural poor appropriate programs must be tailored to their specific problems. The emphasis of government programs should be on breaking the poverty cycle and guaranteeing that the youth do not have to live lives of misery and privation.

The removal of the causes of poverty must be the chief goal of an anti-poverty program. People are poor usually because they are incapable of competing in society. They lack the personal skills, training, knowledge or motivation required to operate a successful enterprise or hold a job that will guarantee them a reasonable income. Some farmers are poor even though they have the personal abilities but lack adequate land, capital and managerial assistance.

Role of the Department and Program Involvement

The primary role of the Department of Agriculture in solving the low-income problems of Canadian farmers is to develop and implement programs for those farmers who have the capacity to become commercial farmers. These are the farmers with the ability to make needed adjustments and to expand their farm businesses. The secondary role is to assist in the war on poverty and the development and evaluation of programs for farmers wishing to find full or part-time off-farm employment. These programs would be administered by such federal departments as the Departments of Manpower and Immigration and of Regional Economic Expansion and by provincial Departments of Education, Agriculture and Natural Resources.

The Department has a third role to play in alleviating rural poverty. Many rural people because of age, poor health or physical and mental disability are not employable. These people require assistance and now are helped by means of general welfare programs such as old age assistance, disability pensions and family allowances. The Department has a responsibility to speak for these people and to be consulted in the development and administration of general welfare programs. The needs of rural people do not always coincide with those of urban people. The Department should be prepared to provide information

and consultative services to other federal departments when welfare programs are being developed.

This approach would result in a sorting of programs for farm people, such as the continuation of current agricultural programs applicable to the commercial farmer segment; programs for those who wish to farm and have the physical and financial resources, along with potential and ability necessary to

bring their farms up to a viable state; programs for those who seek employment in the non-farm sector; and programs for those who are unemployable. The Department's degree of responsibility for and involvement in these types of programs varies from complete responsibility, planning and administration in the first to consultation only in the execution of the last. The areas of responsibility of the Canada Department of Agriculture may be illustrated in the following manner:—

<i>Type of Individual</i>	<i>Type of Programs</i>	<i>Role of Department</i>
A. Commercial farmers and potential commercial farmers with current low incomes but wishing to continue in farming.	Provide information, credit, management, assistance, technical training and counselling.	Plan, initiate and administer most programs. In case of retraining, cooperate with provincial governments and other federal departments.
	Continue inspection and regulatory services.	
B. Farmers seeking off-farm employment.	Counselling.	Providing leadership in rural counselling.
	Job training programs.	
	Job placement assistance and mobility allowance.	Advise other federal departments and agencies on appropriate needs.
C. Non-employable.	General welfare programs.	Advise appropriate federal and provincial departments on needs of rural people. Coordinate to see that programs are applicable and adequate.

Functions and Duties of Rural Counsellors

To carry out the functions which are additional to present programs presented in the above outline, the Canada Department of Agriculture would require the services of persons with economic and sociological training. They would be responsible for developing, supervising and carrying on a program which would promote technical and economic adjustments and provide consultative and coordinating services for programs administered in other departments. A major function would be to ensure that the interests of low-income farmers are given due consideration in the development and implementation of programs. They would see that counselling services and information are provided to disadvantaged farm people to enable these individuals to make decisions on future courses of action.

The above group would coordinate the activities of a core of rural field officers, whose duties would be to do individual counselling and provide information to rural people. These officers would complement the work of the agricultural representative. The rural information officers would have no administrative responsibilities but would serve as the information link between rural people and the programs of government at all levels. They would co-operate with local, provincial and other federal agencies to ensure that rural people are aware of the opportunities offered by available programs, and consult with rural leaders such as municipal officers, bank managers, and officials of agricultural co-operatives and other farm organizations, as an effective way to elicit community support. Their role would be one of consulting with rural people in order to help them identify

their problems, choose alternatives and make decisions. The Task Force on Agriculture has pointed out that farmers are often unaware of the programs presently available in regard to retraining and there is no one person they can contact to get information on all programs. A secondary but very valuable role of the rural information officer would be to report back to administrators on the reasons why more people are not utilizing present programs and suggest how the programs might be improved. This feed-back function is now lacking on an organized basis. No government program to reduce poverty will be successful if effective two-way communication is not established between the administration and the poor.

Department Assistance Guidelines for Low-Income Farmers

In a reorientation of Departmental policy a number of specific guidelines that would assist marginal farms could be continued, initiated or strengthened by the Department. The purpose of these guidelines is to:

1. Differentiate between adjustment programs and welfare programs. Keep these two types of programs separate and regularly evaluate each in terms of its specific objectives.

2. Provide information regarding new technology and farm management assistance to those who want to increase the scale and efficiency of their operations. Programs such as CANFARM, the farm management advisory service, and farm management training should be emphasized.

3. Continue to provide credit, crop insurance and production recording systems such as Record of Performance (ROP).

4. Assist in the process of structural adjustment with respect to small or low-income farms with potential. For those farmers who are in the normal retirement age bracket, a voluntary retirement program could be considered. At present, 21 per cent of the Canadian farm population are 60 years and over. A large proportion of farmers in this age group have insufficient amounts or inappropriate quality of land and other resources to yield a satisfactory income and level of living.

Such a program to provide for early retirement of older farmers is needed in Canada. This could involve the purchase

of their farms and land use adjustments, either for consolidation and assembly into remaining viable economic farm units operated by qualified farmers, or land diversion to alternative non-agricultural uses when inappropriate for crop use. At the same time, the program could provide a guaranteed minimum annual income from a revolving retirement fund made up of the purchase price of such farms and an annual government budget. This would be in addition to retirement income received under the Canada Pension Plan and Old Age Assistance programs. Such a program administered by this Department in consultation with other federal departments and the provinces could be voluntary. Participating farmers could have the privilege of retaining the farm buildings for continuing residential use and the raising of garden produce and other perquisites.

Types of Assistance of Other Departments for Those Leaving Agriculture

Types of associated federal assistance which are needed by farmers wishing to find alternative employment especially designed to:

1. Provide training and retraining for all who want to qualify themselves for non-farm jobs, regardless of age or length of time since they left school.

2. Provide relocation assistance and guidance to those who have the skills or job experience necessary to compete for employment in other areas.

3. Extend resource adjustment efforts so that land is put to its best use and arrange for farmers who want to either seek off-farm work or reach retirement age to do so.

4. Encourage the creation of non-farm jobs in selected rural areas by comprehensive planning, zoning, financial incentives, capital grants or other inducements. In cases where there is a long and close attachment to a local community little is to be gained from moving people from rural to urban areas. If resources are available to create employment within commuting distance this should be done since it reduces dislocation, allows people to remain in familiar social environment, and does not add to urban problems.

Domestic Food Aid Programs

Consideration could be given to the development of both emergency and long term food distribution programs which would guarantee that those suffering from malnutrition in Canada have access to adequate food. Such programs would benefit both low-income citizens and Canadian farmers. Specific types of programs which could be investigated include school lunch programs, milk programs, food stamp programs and general commodity distribution programs. All of these programs have been utilized in other countries and appear to have merit.

One aspect of poverty throughout the country in which the Canada Department of Agriculture could play a major role in alleviating the situation, is with respect to improvement in diets and expansion of food consumption. The enlargement of the food buying ability of needy families could be served through the development of domestic food aid programs. They assure that those suffering from malnutrition have access to adequate food.

Domestic food aid programs are of two basic types, those distributing government-donated food and those providing funds for local food purchases. Commodity donation programs in the United States provide a means for utilizing existing surpluses built up under price support programs, while cash grant programs enable participants to increase food consumption through increased food purchasing power. Both types expand the demand for food.

There are five elements to the U.S. food distribution program. These include direct donations of food to needy children, direct donations of food to charitable institutions, donations of food to supplement the nutrition of individuals in vulnerable health groups, donations to child care institutions and summer camps for children, and donations of federal food stocks to schools with non-profit food service including those participating under the National School Lunch Program.

In the United States, the Special Milk Program and the Food Stamp Program operate on a basis of cash grants for local food purchases. The Commodity Distribution Program operates directly on a commodity donation basis and represents an outlet for utilizing surplus food stocks. The National School Lunch Program is a hybrid which incorporates both cash grant and commodity donation elements.

A school lunch program serves an important objective of improving the level of child nutrition. This program can be designed to enable children in elementary and secondary schools to receive nutritious lunches at reduced prices. These lunches could meet at least one-third of the daily dietary needs. A large proportion of the food consumed might be purchased locally or provided from government stocks in the case of surplus products under price support.

While there is a need for study and research on the costs, benefits, implications and practicability of food aid programs, a school lunch program might be initiated in Canada. Because of the provincial responsibility with respect to education, the program would need to be administered by the provincial departments of education. The federal participation could be to reimburse the provinces through cash grants and food donations. The relevant and co-ordinating Department would logically be Agriculture because of its holdings of certain surplus food stocks. It is more reasonable to provide school children with improved levels of nutrition by subsidizing programs of this kind than to bring about the reduction of production of certain Canadian farm products now in surplus.

APPENDIX A

Associated Federal Developmental and Habilitation Programs Bearing on Rural Poverty

The Federal government and provincial governments have individual and joint programs concerning welfare, education, training, rehabilitation and development that have relevance to the problems of rural poverty. These programs may be briefly described as follows:

Public Welfare and Social Security

Federal government programs—

The federal government programs include a) the Canada Pension Plan, b) old age security, c) family allowance, and d) youth allowance.

Under the Canada Pension Plan, members of the labor force contribute to a pension fund which entitles them to obtain a retirement pension. Disability payments and benefits to dependent children and widows are also payable under the plan.

The Old Age Security Act of 1951 made an universal pension of \$75 a month payable to

all persons who meet the residence and age qualifications. In 1969 the pension is payable to persons 66 years of age or over and by 1970 it will be payable to everyone 65 years of age or over.

Under the Family Allowances Act of 1944, allowances are paid at the monthly rate of \$6 for each child under 10 years of age and \$8 for each child 10 years of age or over but under 16 years. The government also pays family assistance, at the rate applicable for family allowances, to children of immigrants.

Under the Youth Allowances Act of 1964, monthly allowances of \$10 are payable to dependent youths, 16 and 17 years of age, receiving full-time educational training or are precluded from doing so by physical or mental infirmity. This program is applicable in all provinces except Quebec which has its own programs of youth allowances under a tax abatement agreement with the federal government.

Federal-Provincial Programs—

The federal-provincial programs include: a) the Canada Assistance Plan, b) the Old Age Assistance program, c) allowances for disabled persons, d) unemployment assistance, e) the National Welfare Grant program, and f) vocational rehabilitation.

The Canada Assistance Plan is a comprehensive public assistance measure that complements the provisions of the Canada Pension Plan; it provides a single administrative framework for federal sharing with the provinces of the costs of assistance and of welfare services. The plan is designed to replace the existing programs of unemployment assistance, old age assistance, allowances for blind persons, and allowances for disabled persons but the provinces have the option of continuing separate administration of the categorical programs.

The Old Age Assistance Act of 1961, the Blind Persons Act of 1951, and the Disabled Persons Act of 1954 empowered the federal government to reimburse the provinces for assistance provided to needy persons 65 years of age and over, to needy blind persons of 18 years and over and to permanently and totally disabled needy persons of 18 years and over, respectively. The provinces administer these programs and, within the limits of the federal legislation, fix the amount of assistance payable, the maximum income allowed and other conditions of eligibility. Similarly federal-provincial cost-sharing agreements

were undertaken under the Unemployment Assistance Act of 1956 through which the federal government could reimburse the provinces and municipalities for assistance provided to unemployed persons.

The National Welfare Grant program reinforces Canadian welfare efforts through professional training and research. The ultimate recipients of the grants under the provisions of the program, are provincial governments, municipal welfare departments, non-governmental welfare and correctional agencies, universities and individuals.

The federal-provincial vocational rehabilitation program that started in 1952 was consolidated and extended in 1961 under the Vocational Rehabilitation of Disabled Persons Act. The provinces have developed comprehensive programs for the coordination, assessment and provision of services which includes medical, social and vocational assessment, counselling, restorative services, vocational training and employment placement.

Provincial Programs—

The more important welfare programs sponsored through provincial legislation include general assistance and social allowances, mothers' allowances, living accommodation for elderly persons, and child welfare services.

In general there is a host of welfare and social security services that provide assistance to the old, disabled and unemployed persons. Their fight against poverty is centered on groups of people that officially qualify for assistance, but does not reach individuals who are either underemployed or only seasonally employed and those who lack education and training but are in fairly good health.

Educational and Vocational Training Programs

Measures for eliminating poverty include not only increased participation of individuals in the labor force but also upgrading of skills for higher occupation groups. Employment of a majority of individuals in a community as laborers may only ensure that they receive low incomes and occupy the lower occupational rungs. Thus it is necessary that occupational training and education be provided to enable individuals to be more competitive in the labor market.

The Canadian government has assumed a very active role in this field especially since 1961 when Parliament passed the Technical

and Vocational Training Assistance Act to provide financial assistance to the provinces for vocational training. The federal and provincial governments agreed on the following specific measures: 1) a capital assistance program; 2) programs concerning a) technical and vocational high school training, b) technical training, c) trade and other occupational training, d) training in co-operation with industry, e) training of unemployed persons, f) training of disabled persons, g) training of technical and vocational teachers, h) training for federal government employees, i) financial aid to university students and nurses in training, j) manpower requirements and manpower training research; 3) an apprenticeship training agreement.

The Technical and Vocational Training Assistance Act was replaced by the Adult Occupational Training Act in 1967. The new legislation retained the apprenticeship provisions of the former Act but forsook the sharing of vocational training expenses with the provinces and concerned itself solely with the training of adults. An adult may enroll for an occupational training course that will provide him with suitable training to increase his income-earning capacity and his employment opportunities. Cost of the training courses are defrayed, in full, by the federal government through contracts with the provinces that provide training facilities.

Manpower mobility programs were initiated to increase the mobility of labor in Canada. These programs carried out through the Manpower Centres provide outright grants to help people obtain jobs and resettle in communities with more suitable employment opportunities. All workers, including farmers and farm workers, are eligible to apply for these grants. Educational upgrading and job training, occupational training, information on job supply and assistance to move to jobs in new areas. These programs, no doubt, raise the quality of the labor force.

Most training programs have a relatively low educational limit for persons to qualify for participation. Their appeal to farmers and other rural people whose education is already deficient is limited. Attention also has to be paid to the prospects for employment of trainees. The occupations that can be entered after a short period of time are limited and are mainly concentrated in the lower occupational groups.

Another consideration is that it is more difficult to reach people who could benefit

from these programs. According to the Task Force on Agriculture only 2,100 persons in Canada received grants or loans for moving in 1966-67. Much greater penetration of rural areas by these programs is necessary if they are to be generally effective. It should be noted, however, that mobility and training programs alone would not provide the solution to rural problems. The number of people who have the motivation and are able to undergo training and adjust to full-time urban employment would be limited particularly in the rural poverty sector.

Economic Development

Important aspects of Canadian poverty programs relate to industrial development in particular and economic growth in general. Specifically they concern the type of operations under the Area Development Incentives Act, the Fund for Rural Economic Development (FRED), the emphasis in orientation of the Department of Regional Economic Expansion toward regional growth centres. Over and above any program is the fiscal and monetary policies of the government to ensure economic and full employment.

The objectives, the underlying philosophies, the mechanics and evaluation of the operation of each of these policies have been under recent governmental review. The interest of the Canada Department of Agriculture is in their ability to contribute to the elimination of rural poverty.

Policies for economic growth aim to create opportunities, through which labor, capital, and other factors are able to receive adequate returns. These can result in economic opportunities for those having sufficient resources and appropriate training and who are not seriously disadvantaged. But poverty exists among a group of people who are either unable to make use of such opportunities or, though able, are not willing to take advantage of them. Age, education and location are some of the factors that hinder people from participating in the labor force. On the other hand, the so-called culture of poverty inhibits some groups of people from using either the programs or the opportunities.

Measures for relieving poverty are formulated on the assumption that the behaviour of the people to whom the programs are aimed, are goal oriented and economically motivated. While this is undoubtedly true of a large segment of the poverty population, there also exist some groups who respond

perversely to such programs. Very little research in this field has been undertaken in Canada.

An interdisciplinary approach to the solution of poverty problems together with intensive counselling and long periods of rehabilitation is required. This points to the complementarity of the diverse government programs. Elimination of poverty is a joint product of developmental, training, counselling, welfare and educational programs. The complementarity among these should be realized if maximum benefits are to be achieved from their implementation. No single program implemented by itself can serve to eliminate rural poverty.

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First Session—Twenty-eighth Parliament

1968-69

THE SENATE OF CANADA

PROCEEDINGS

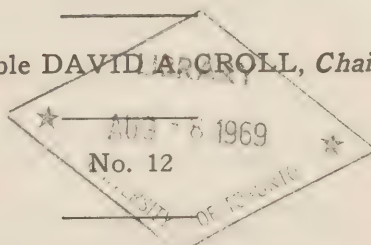
OF THE

SPECIAL SENATE COMMITTEE

ON

POVERTY

The Honourable DAVID A. CROLL, *Chairman*



THURSDAY, JUNE 19, 1969

WITNESSES:

Representing the Canadian Welfare Council: Mr. Reuben C. Baetz, Executive Director; Miss Patricia Godfrey, Executive Secretary, Research and Special Projects; and Mr. Michael Wheeler, Director, Research Branch.

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman*

The Honourable Senators:

Bélisle	Hastings
Carter	Inman
Cook	Lefrançois
Croll	McGrand
Eudes	Nichol
Everett	Pearson
Fergusson	Quart
Fournier (<i>Madawaska-Restigouche,</i>	Roebuck
<i>Deputy Chairman</i>)	Sparrow

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

THURSDAY, June 19, 1969.

Pursuant to adjournment and notice, the Special Senate Committee on Poverty met at 9:30 a.m. this day.

Present: The Honourable Senators Belisle, Carter, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Inman, Lefrançois, McGrand, Pearson, Quart, Roebuck, and Sparrow. (14)

In attendance: Mr. Frederick Joyce, Director, Special Senate Committee on Poverty.

Agreed—that, on Thursday, June 26, a video-tape record be made of this Committee's proceedings, for the use of the Committee, such record to be the property of the Committee.

The Chairman (Senator Croll) announced that the Steering Committee will meet at 11:00 a.m. on Wednesday, June 25, 1969.

The submission to the Committee, prepared by the Canadian Welfare Council, was tabled and ordered to be printed as *Appendix "N"* to this day's Proceedings.

The following witnesses were introduced and heard:

Representing the Canadian Welfare Council:

Mr. Reuben C. Baetz, Executive Director;

Miss Patricia Godfrey, Executive Secretary, Research and Special Projects; and

Mr. Michael Wheeler, Director, Research Branch.

A paper entitled "The Guaranteed Annual Income", a personal view prepared by Mr. Reuben C. Baetz, was tabled and ordered to be printed as *Appendix "O"* to this day's Proceedings.

At 12:14 p.m., the Committee adjourned until 9:30 a.m., Thursday, June 26, 1969.

ATTEST:

E. W. Innes,

Acting Clerk of the Committee.

BIOGRAPHICAL INFORMATION

Reuben C. Baetz, Executive Director. Born: Chesley, Ontario, University of Western Ontario, B.A. (Political Science), Columbia University, New York, M.A. (History); University of Toronto, B.S.W. Doctoral Studies (Political Science). Lutheran World Federations Service to Refugees, Geneva, 1949-56. Assumed directorship of that department. Refugee projects included resettlement of over 100,000 refugees, as well as medical and relief programs in Middle East, Africa and Asia; Director of Disaster Services, Canadian Red Cross Society, 1956-63. Assistant National Commissioner, 1957; Organized Canadian Red Cross participation in Hungarian refugee operation, from headquarters in Austria; Delegate of the League of Red Cross Societies to the earthquake disaster areas of southern Chile, 1960; the Congo Republic risings, 1961, and Vietnam. Also worked on disaster projects of the American Red Cross, including hurricane disaster in the state of Louisiana.

Executive Director of the Canadian Welfare Council, from 1963; Executive chairman of the Canadian Committee for World Refugee Year, 1959; Vice-president of the International Council on Social Welfare. Past-chairman of the Canadian Committee of the ICSW; Member of the Management Committee of the Centennial International Development Program; Member of the federal government's National Employment Committee (to be re-named to coincide with the broader mandate of the Department of Manpower and Immigration); Member of the Canadian Association of Social Workers; Member of the Board of Governors, Waterloo Lutheran University.

* * *

Miss Patricia Godfrey, Executive Secretary, Research and Special Projects. Born: Toronto, Ontario; University of Toronto, M.A. (English), M.S.W.; University of Grenoble, France. Studied at the Royal Academy of Dramatic Art; worked as a professional actress in England until 1939; During the war worked with the London Auxiliary Ambulance Service, and with the Women's Voluntary Services as regional organizer. Made an M.B.E. for this service in 1946; Joined the Canadian Welfare Council, 1951, as Executive Assistant to the Executive Director. Became Director of Information, 1954.

Executive Secretary, Research and Special Projects, Canadian Welfare Council, from 1963: Recent staff responsibilities include: Preparation of Canadian Welfare Council's brief to the Special Committee of the Senate on Aging, 1964; Compilation of CWC Index of Charitable Foundations, 1964; Preparation of *Health Services in Canada*, 1965, a Critique of the Report of the Federal Royal Commission on Health Services; *The Aging in Canada 1966*, a consolidation of suggestions arising out of the Canadian Conference on Aging, and recommendations and findings of the Special Committee of the Senate on Aging; Documentation for National Conference on Health Services, Ottawa, 1965; *The Medical Care Act*, comments and recommendations. A project of the CWC Committee on the Health Aspects of Welfare, 1967; Published:

Poverty in Our Society, booklet prepared for the Canadian Association for Adult Education for the CBC series "The Sixties", 1965; Current projects: Consultant on preparation of the CWC's "Comprehensive Statement on Social Welfare for Canada"; Executive Secretary of the CWC Standing Committee on the Health Aspects of Welfare.

* * *

Michael Wheeler, Director Research Branch, Canadian Welfare Council. Born: London, England; University of London, (B.A. Hons.); London School of Economics, (Certificate in Social-Science and Administration); University of British Columbia (M.S.W.); Columbia University School of Social Work (social policy analysis and social welfare planning); Director, City of Vancouver Redevelopment Study, 1956-57; Associate Professor, University of British Columbia School of Social Work, 1957-64; Advisor on Social Policy to the team invited by the Government of Nigeria to prepare a development plan for the federal capital, Lagos, 1962; Social Affairs Officer in the Bureau of Social Affairs, Department of Economic and Social Affairs, Secretariat of the United Nations, New York, 1965-66; Executive Secretary, Canadian Conference on Housing, Canadian Welfare Council, 1966-69.

Director, Research Branch, Canadian Welfare Council, from 1969: Published: "Supervision and Casework Method: Sharing the Generic Base", in *Social Welfare and the Preservation of Human Values*, Vancouver, Dent & Co., 1957; *Vancouver Redevelopment Study*, City of Vancouver, 1957; "The Measurement of Housing Quality", "Threatened Areas", in *A Study for Urban Renewal in Trail, B.C.*, 1959; *A Report on Needed Research in Welfare in British Columbia*, prepared for the Community Chest and Councils of Greater Vancouver, 1961; *Metropolitan Lagos*, report prepared in association with O. Koenigsberger, et al, for the Government of Nigeria, 1962.

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Thursday, June 19, 1969

The Special Senate Committee on Poverty met this day at 9.30 a.m.

Senator David A. Croll (Chairman) in the Chair.

The Chairman: Honourable senators, we have this morning a brief from the Canadian Welfare Council.

(See Appendix "N" to this day's Proceedings)

Our witnesses will be Reuben C. Baetz, the Executive Director; Miss Patricia Godfrey, Executive Secretary, who does research on special projects, and Michael Wheeler, Director of Research. Is Mr. White here?

Mr. Reuben C. Baetz, Executive Director, Canadian Welfare Council: Mr. J. S. White, who is Executive Secretary, Canadian Public Welfare Association, is caught in some mainland weather in Prince Edward Island and could not make it.

Mr. Chairman and members of the Special Senate Committee on Poverty, we deem it a real privilege and pleasure to make our presentation here today. We sincerely hope it will not be our last one before your important task is completed. We have felt somewhat the pressure of time in preparing our brief for presentation today and hence we do hope we will have the opportunity to come back at a later date to give you some more of our impressions and views on this particular subject.

The Chairman: You can be assured of that.

Mr. Baetz: Just one quick word on what the Canadian Welfare Council is. It is a national, voluntary organisation. It is not a governmental body. It is the only non-governmental body in the western world, we believe, which combines coordinating facilities in research for social welfare with effective citizen participation at the national level. The membership of the council includes both public and private welfare agencies. Some

five hundred social agencies are members of the Canadian Welfare Council. Every provincial government is a member of the council; the federal government appoints people to our various committees, and some fifty-five of the larger municipalities are members of the Canadian Welfare Council. So it is a rather unique mix of public and private and we think it makes for an effective mixture.

Senator Roeßuck: How is it financed?

Mr. Baetz: It is financed one-third from government: a grant from the federal government, from every provincial government and from every one of the fifty-five larger municipalities; one-third from a community funds in the country; one-third from membership. We have over five hundred national corporations who are members of the council and they make grants to our budget. We have tried to maintain the balance of one-third, one-third and one-third in order that no one particular group can appear to be influencing the nature of its work.

We have a very distinguished board of governors. It is a large board, ninety, and there again the public-private nature of the body is reflected in the membership. We have, for example, a very distinguished senator on the board in the person of Senator Muriel Fergusson. I hope this does not reflect vested or conflicting interest here. A substantial number of senior public servants as well as others are on our board of governors.

Senator Carter: Are those people paid?

Mr. Baetz: No, Senator, they have to pay for their lunch when they come to our organisation's meetings.

Mr. Chairman, in light of the rather short time we had to prepare this brief we felt that perhaps the area we would like to concentrate on in this particular brief had to do with the whole question of attitudes to poverty. On page 2 of our brief we begin discussion on this question.

Senator Roebuck: This brief is very beautifully written, may I say.

Mr. Baetz: Thank you, Senator Roebuck.

The Chairman: Is it agreed that the brief of the Canadian Welfare Council be printed as an appendix to today's proceedings?

Hon. Senators: Agreed.

(See Appendix "N to today's proceedings")

Mr. Baetz: We think the fundamental question of the war on poverty is this: Do Canadians really want to solve the problem of poverty. Secondly, are they prepared to pay the necessary costs? These are two questions. Perhaps we would answer "yes" to the first, but you would have many conflicting and varied answers to the second one: Are we willing to pay the cost? We are suggesting if we really wanted to abolish poverty we would probably find the means of paying just as we do find the money to pay for liquor, tobacco, cosmetics and all the rest. We have pointed to some reasons why we think there is not the correct attitude to this question of poverty. On page 3, for instance, we have identified one of these obstacles and that is the feeling that so many of us still continue to think of the poor as shiftless, immoral, lazy and so on. So many of us feel, basing our experience on the dirty thirties when most of us were poor, we pulled ourselves up by our boot straps, why can't they do it—times are good. We feel this is a widespread attitude among Canadians and not just Canadians among the upper group. This is an attitude you will find among the garbage collectors, among the very low income group who are employed. We sometimes think in terms of the upper income group as being the only reactionaries or right wingers in the country. They are not at all. You will find people of low incomes who have just as harsh a feeling as the upper income group about the poor.

On page 4 we touch on another factor which influences this rather negative attitude to poverty and this is simply a feeling that in our country, in Canada, we have operative the three pillars of liberal doctrine, namely, political democracy, high productivity and universal education and if these pillars are working then the poverty situation is going to disappear. We do not think this naturally follows. We will point this out later in our brief. We are saying here that political democracy may only replace domination of the poor by a

wealthy oligarchy with the tyranny of the majority over the poor. In advanced industrialized countries the poor are numerically in the minority—in Canada, only about 20 per cent to 30 per cent of the population. So unless you have a prevailing sympathetic attitude among the majority, among the 70 per cent of the population, toward the 20 or 30 per cent, you can find that life for the poor can be very difficult indeed, and certainly here in Canada particularly the poor are not organized anywhere near the political clout that they are beginning to have in the United States, where one goes to conferences as I did a few weeks ago, attending a national conference on social welfare, where every plenary session of that meeting for one week was abruptly halted by militant poor. The poor are being organized there, much more organized than here in Canada. By and large the poor in this country are still voiceless.

At the top of page 5 we refer to high productivity. We would like to come back to this later on. On this whole question of high productivity our point is that high productivity in itself will not eradicate poverty because the results of productivity are not spread evenly across the entire population. The fruits of productivity go to those with the scarcest skills and strongest bargaining positions in the labour force, to those in expanding industries and prosperous regions, and to those who have invested in these industries. High productivity is of course essential but is of little if any direct benefit to those on low fixed incomes, for example, many of the aged. We have noted that some of the briefs made to this body imply that as long as we have high productivity the poverty situation will solve itself. We just do not believe that is the case. You need more than high productivity, you need income distribution programs. As a matter of fact in years of our highest productivity, of our highest growth in our economic structure, the gap between those who can benefit from high productivity and those who do not, will grow. We refer to this phenomena later when we come to the aged. This is something that a lot of people cannot and will not believe, will not accept, when times are best unless we really are aware of and intervene, in those very times the gap between the haves and havenots can grow most rapidly. It is very difficult to convince the general public about this.

On page 7 we sum up our discussion on attitudes believing that the Special Senate

Committee on Poverty can make a major contribution to public understanding of this situation through the forum it is providing for public discussion, and the educational and interpretational value its report will have. This in fact may well prove to be its main accomplishment, rather than the production of any really new insights or empirical evidence on causes and cure of poverty. Above all, we hope that the Committee will not lead itself or the public into the trap of thinking it will finally discover the great panacea for the eradication of poverty at little or no expense. This objective is as alluring and illusory as the quest for the fountain of youth or the alchemists' search for a way to turn lead into gold. We say this quite sincerely. There seems to be in this country a yearning, a feeling that somehow or other somebody, some whiz kid some place, is going to find the solution for the eradication of poverty which is not going to cost very much money. We frankly feel that this is whistling in the dark, it is just not going to happen. We would hope that one of the greatest values flowing out of your study, Mr. Chairman, is to have the general public talk about, and think about poverty and hopefully, in the course of this, change some of these hard core attitudes on this whole question.

The second section of our brief deals with social rights. On page 9 we say social rights are necessary to guarantee to the individual the freedom and opportunity to carry responsibility, as far as he is able, for meeting his own needs and aspirations. I would like to stop here to say one word on that word 'responsibility'. The moment you start talking about social rights, and we have built our own social policy statement on this cornerstone of social rights as distinct from political rights, the moment you begin talking about social rights many people say you are really saying that by giving a man that right he has the right to sit back and do nothing, that the world should come to his door and so on. We are saying in effect that the very essence, the very purpose or object in trying to establish social rights is to enable an individual to discharge his responsibility. Responsibility is the essence of social rights really. We do not promote social rights so that people can sit back with the feeling that the world owes them a living. But the other part of social rights, especially under today's conditions, is that they are as much a social as an individual

responsibility and imply acceptance of the concept of community, which means recognition of the interdependence of all people within society. So there are really these two aspects to social rights; one is the responsibility of the individual for meeting his own needs and aspirations but if that fails and he cannot cope with it then there is a community responsibility towards him.

On this whole question of social rights, Mr. Chairman, we have pointed out that Canada has not yet endorsed the United Nations document that would implement the United Nations charter on human rights. As we point out on page 9 the document we refer to is The International Covenant on Economic, Social and Cultural Rights, 1966. Until all provinces agree to such action the federal government cannot commit Canada to the United Nations convention on human rights. We would therefore hope that your committee would address yourself to the provinces on this matter. The federal government some years ago requested that the provinces accept this but to date none of them have done so. On page 10 we hold a belief in social rights will profoundly affect our general approach to and specific methods of dealing with poverty, with the most vulnerable groups in our society who suffer to the greatest degree from lack of community and of the other requirements needed to reach the social goals described in the Universal Declaration. It will mean assistance as a matter of right, not as a doubtful privilege often grudgingly conceded.

The third section of our brief deals with a definition of poverty. I want to skip over the definition of poverty rather quickly. We have made the point, and this point has already been made before this committee that poverty cannot be regarded as an absolute. In measuring poverty there is a strong element of relativity—for example, in comparing an individual's income with others in the same society. The Canadian poor do not compare their income with that of India or Timbuctoo; no, they compare their income with that of their fellow Canadians. So there is always this element of relativity in the whole definition of poverty. Hence, unless there is some progress toward greater equity in the distribution of incomes within the Canadian population, poverty will always continue for some.

On page 14 of our brief contains an observation which we hope your committee will give consideration to. I might just introduce

this by saying people generally, and we ourselves, have been talking about a poverty line. This language suggests almost that there is a pencil line you can draw somewhere and if your income happens to fall above that line you are not in poverty and if it falls below that sharply drawn line you are in poverty. We believe this concept of a poverty line has really helped to confuse our thinking and the thinking of the general public about poverty. Perhaps rather than consider a poverty line we should consider a poverty band, within which there can be a constantly shifting population. Our measures, particularly if they are to be preventive, must be directed to the potential as well as to the actual poverty group. Certainly low income is a major criterion in identifying the poverty band, and the fact that the number of Canadians in the low-income category now amounts to 4 to 6 million people, of which one-third are children, provides an indication of the potential size of the problem. It is estimated that approximately two million of the total are receiving social assistance. Perhaps we can get back to this question of a poverty band rather than a poverty line.

The fourth section of our brief discusses the causes of poverty. The poor are a heterogeneous group. They may be old or young, sick or well, employed at low earnings or unemployed, and so on. We say this because, again, in the minds of the general public there seems to be the tendency to lump the group into one homogeneous whole. The poor are made up of many and different kinds of people and particularly, in paragraph 23 on page 15, it has been found that the largest of these groups is composed of families with one parent almost invariably female with dependent children. This is something that has impressed us in some of our recent studies, that is, the very high percentage of this group of poor on public assistance. Obviously not *all* are on public assistance but of those people who are on public assistance or relief or whatever you want to call it, by far the largest category is the family with a female head and children. We found in a study made in Calgary recently that 38.6 per cent of the total public assistance case load is made up of these female heads of families with children. In the second group are those suffering from illness or incapacity, and this group makes up 33 per cent. Then come, in order of size, the aged unemployed, 12 per

cent, and those with inadequate income, 10.3 per cent. I might pause here for one moment to say that in some provinces you will not find among the people on public assistance that category of people with inadequate income at all. Alberta is one of the few provinces that actually supplements family income through their social assistance program, where the man is fully employed but for family reasons cannot make ends meet. In a good many of the provinces even if his family income is not high enough he will not get supplementary assistance. This, of course, raises very serious questions about this whole question of incentive, because it does mean that there are in this country thousands of families who through pride and self-determination have stayed off public assistance whose income is below the income of a family that has finally given up the ghost and decided it is going to be on public assistance. This is really a situation that this committee ought to take a good look at. What does this do to incentive? So often we say that the poor have no incentive. But what incentive is there if it means that for the man going to work full time the total income for his family is going to be lower than ever, that it is going to be below the requirements for life and happiness for his family? This is a very serious question, and we will come back to it, Mr. Chairman. The final category as mentioned on page 15, paragraph 33, that I will now refer to, is composed of employable people temporarily out of work. They make up only 5.4 per cent of the public assistance case load, at least as disclosed by this study made in Calgary, and that is comparable to other parts of the country, and yet if you ask people in this country, who are the poor, who is on public assistance, who is getting public assistance in this town, the chances are they would tell you that most of them are employable people and not working. But the fact is that that group makes up a very small percentage of the public assistance case load, 5.4 per cent.

Senator Everett: How do you determine employability?

The Chairman: We will get around to that later.

Mr. Baetz: In paragraph 25, on page 16, we say, to seek solutions to poverty it is essential to identify clearly its various causes. Indeed, in advanced economies, poverty can best be described with an eye to these causes. Obviously, they are not mutually exclusive; causes

overlap and reinforce one another. Nevertheless, certain ones can be identified as follows, and this is our theoretical framework, Mr. Chairman, and we would hope that you keep an eye on these six as you begin to think in terms of treatment of poverty.

1. Life-cycle poverty.
2. Depressed area poverty.
3. Crisis poverty.
4. Poverty due to long-term dependency.
5. Inner city poverty.
6. A culture of poverty.

On page 17, paragraph 27, we point out that the aged are invariably hit by this life-cycle poverty. In spite of all the pieces of legislation to help them our aged population stands in constant danger of sliding into poverty, and the paradox of it all is that this danger is greatest, not when times are at their worst but at their best, when the standard of living of those in the labour force is rising most rapidly. What happened in 1968 proves this point. I will refer paragraph 28 because we have a specific recommendation to make on this. During 1968 wages and incomes went up by 8.8 per cent. Rising costs of around 4 per cent eroded about half the increase in wages and incomes, but one can talk in terms of an increase in the standard of living by over 4 per cent for those who were employed. This is in a quantitative way. The standard of living for those who were in the labour force or who were connected with it bettered by 4 per cent. At the same time those aged who depend on their almost fixed old age security income suffered a decline in their purchasing power of 2 per cent. This is because the increase in old age security benefits is limited to 2 per cent, whereas, as indicated, the consumer price index went up over 4 per cent. And this is so difficult to get across to the general public. The net result was that in that very, very good year of high productivity, of high growth, the gap in the standard of living between the aged depending on the old age security and the guaranteed income supplement and the average person in the labour force grew during this good year by over 6 per cent. We are recommending to you that this sector, the aged as one group caught in poverty, and this is so obvious now one does not have to go on forever studying this question, we would urge you that you consider making an interim recommendation or interim

report to the policy makers suggesting that the 2 per cent ceiling be reduced and that it be tied to the full consumer price index at least. Preferably it would be better if it were tied to the gross national product. What we are saying is, as a first step at least, do not allow the income of the aged to erode. We would hope, therefore, you would consider making a very early special report and not hold this until your final report is to be made.

On page 19, paragraph 31, we refer to the family allowance program. We would like later on in our discussion to come back to this whole question of the family allowance program as a major weapon in our war on poverty. Unfortunately, this system of family allowances has been allowed to decay. We are aware of the charges that are made that this universal allowance, since it is universal, tends to direct income to families who do not need it. We have proposed here that this situation can be very, very easily adjusted through the income tax mechanism where in fact you regard family allowances as income and you tax that income, and we also propose that you reduce the income tax exemption from say \$300 to \$200 and so on. By this income tax mechanism you could very quickly direct and distribute the benefits of the family allowance program to families who need it most.

There is a very important footnote at the bottom of page 20 referring to something most of us keep forgetting, that even now in our family allowance program it works out that a man having a taxable income of from \$12,000 to \$15,000, in that bracket, does not get any benefit out of the family allowance program. This feature is forgotten, I had forgotten it and I think most people have forgotten that fact. We suggest that through changes in the income tax mechanism you can in fact make it a selective program without having all the extreme disadvantages of some of the other selective programs.

Certainly the one characteristic of poverty is this feeling on the part of the poor that they do not belong to the main stream of society, that they are a breed set apart, and in our selective programs we tend to accentuate and exaggerate this difference between those who have made the grade and those who are not a success in our society. Two different sets of systems operate, one for those in the main stream of society and one for those who are somewhat outside it.

I will move over now to section VI of our brief, headed conclusion. We have come full circle to the starting point of this submission: public attitude to poverty and social rights. We have been dealing with the whole question of a guaranteed annual income. May I refer you to paragraph 86 on page 43. There are those who argue that by guaranteeing a man an income sufficiently high to keep body and soul together he would immediately slip into chronic dependency. We do not share this pessimistic and cynical view of the nature of man. Ours is the more positive and optimistic outlook expressed by Archimedes when he said, "Give me a place on which to stand and I will move the world." Canada as a nation has by no means agreed on the philosophical question of whether we should provide at least an adequate standard of living for all members of our society as a matter of right. We have not reached there yet and we hope maybe this committee can bring us one step closer to that. To the extent that we continue to equivocate in our policies we will continue to muddle at the administrative and program level. The result will be to continue indefinitely an unnecessarily piecemeal and unplanned approach to our social security and social services system, and to prolong or even perpetuate poverty for a large percentage of Canadians. We are convinced that the present unhappy state of affairs will not change until there is a widespread re-ordering of our values. The Just Society and the acceptance of human rights cannot be legislated by government and handed down. They begin in the heads and minds of men and grow from there.

With that, Mr. Chairman, I have covered the highlights of our brief.

The Chairman: You have done very well. I am aware that the committee is becoming very knowledgeable on this subject and you will have the opportunity to answer ample questions.

Senator Everett your question can come now.

Senator Everett: Mr. Baetz, you made a point earlier in your submission to the effect that the poor in the United States were disrupting meetings and this indicated to you that they were beginning to organize on a political basis. I would like to follow your thinking through on that as to whether you believe this is an indication of political organisation or whether it is really a disruption of society itself.

Mr. Baetz: I suppose among those who attempt to disrupt these meetings there are anarchists, a substantial number are anarchists, and if you were to ask these people what have you in mind by way of replacing the present system they probably would not know, they would say their objective in life is to destroy the present system. I do believe you would also have a larger element among the poor who, looking at the affluence in the United States, have accepted the values of the affluent society, who "buy" the advertising they get on their television stations, who have accepted the materialistic values of our society and who look at themselves and note with bitterness how short they have come in meeting these standards that are being constantly set up for them. These people have grown bitter and feel that you simply cannot talk any longer to the status quo, that there is no point in making briefs to Senate committees, that there is no point in working through the normal political channels, that what you need is disruption and violence and so forth.

Senator Everett: Have you not given by definition that they are not a political force? A political force surely works within the system to change the system to its own advantage or to the advantage it sees. I think it is dangerous to say that because people quite justifiably feel that they are not part of the main stream of society, to say that because they are so frustrated that they are prepared to disrupt meetings and to accept anarchy as the means of overcoming their dissatisfaction, to say that they are showing political awareness or that they are becoming a political force, I think be very definition they are doing the opposite to becoming a political force. I wonder if you see any other indications in the United States, in place like Watts, of the poor actually taking part in politics and becoming part of the sort of a political force that a politician takes cognizance of rather than one that he fights against.

Mr. Baetz: Mr. Wheeler knows the American scene better than I do, maybe he would like to comment.

Mr. Michael Wheeler, Director of Research, Canadian Welfare Council: I would not pretend to know the American scene in all its complexity. I think possibly what we have at work here is a different mode of political action or different conception of it. For example, the community poverty program in the

United States has been funded through the Office of Economic Opportunity. It is a federal program that reaches into local communities trying to develop community programs at the local level, which in many cases have come into direct conflict with the established political parties and political machinery and have in fact become an alternative to the existing political party system; and this of course has created a good deal of opposition in the minds of the traditional political parties and civic leaders who, see this as a threat. While there are certainly elements of disruptive and anarchistic intervention I do not think we should underestimate the capacity of these movements to influence political action. For example, organisations of recipients of public welfare have joined together to insist on the implementation of the full benefits and rights available under the various programs which they have not been receiving and I think political parties have taken notice of this, so I think they are a potential political force there but certainly not the kind we are accustomed to.

Senator Everett: As a final remark to that, I think one of the duties of this committee will be to discover a means by which the poor as a segment of our society do become a real political force in their own best interest and in society's best interest. I would be disturbed, though, if the Welfare Council defined a political awareness by the tendency of the poor or any other people to disrupt meetings. I just wanted to make that point, Mr. Chairman.

The Chairman: I would ask that senators limit their questioning the first time around to five minutes.

Senator Everett, I think you had asked a question previously.

Senator Everett: Yes, Mr. Chairman. How do they define employability?

Mr. Wheeler: You have touched on a question that causes a good deal of concern and bewilderment to many of us, whether you are thinking of unemployability or its converse employability. This is subject to different definitions in different jurisdictions. This is quite apparent. The conception of employability can vary depending on the state of the local labour market and whatever provision is made for re-training, etc. So this is a fluid

conception and I think we require a lot more attention be given to a satisfactory working definition of employability.

Senator Everett: In arriving at your definition have you excluded certain segments of society, for example, have you excluded female heads of families with children, are they automatically excluded as unemployable?

Mr. Wheeler: Not automatically, but the tendency is, if they have several young children, to consider them as really not available for employment but again this would depend upon the knowledge that is made available to them at the time of applying as to what alternatives there are for day care, which would permit them to come into the labour force.

Senator Everett: If that day care was available they would be counted as employable on other grounds?

Mr. Wheeler: That is right. I think that would influence the decision.

The Chairman: Senator McGrand.

Senator McGrand: Mr. Chairman, on page 26 of the brief I read, the time has come when educators must devote much more time to our mentally, emotionally and socially disadvantaged youngsters if we are to make any inroads on poverty spawned by a culture of poverty. When I am speaking of this culture of poverty I am not thinking of the Middle East, I am thinking of Canada. When you speak of this are you referring to the Metis and the Indian who have gone on from generation to generation under those conditions? Where else would you go to find areas of cultural poverty in Canada? We have them in the United States, in Appalachia and in the deep south among the Blacks, we have them in Halifax among the Blacks, but where else in Canada would you find areas where the culture of poverty perpetuates itself?

Mr. Baetz: This is Miss Godfrey's specialty, Mr. Chairman.

Miss Patricia Godfrey, Executive Secretary, Canadian Welfare Council: Mr. Chairman, we do not have, as we say in the brief these large sections of poverty that are easily identifiable, but in our urban and rural studies, for instance, it came out very clearly. The study made in Inverness county in Cape Bret-

on, showed that the whole county has a long generational history of poor conditions, lack of income, with people moving out to escape these conditions. Those who moved out escaped this sort of life, but the people who stayed were almost without home in many cases. This was a case study, it was not a statistical survey, it was done by interviewing, really talking to families and looking at their situation. You could see a very strong pattern of generational poverty recreating itself, because unless they left they did not have opportunities, they grew up with the feeling of despair and lived on a very low level because there was nothing to do.

This was true also in the Manitoba study. This was in the Interlake District. You saw it with Indians and Metis and you saw it with others side by side with them. You get into the cities and there we found among what we call the chronic dependencies, the wife, deserted by her husband, the single female heads of families, where they had lived in dependency and their children grew up on these situations of dependency and they were full of inertia. There was one fascinating case in Vancouver where there was a 20-year old girl who left school just before her twelfth grade—and she was twenty by the time she got there! She was just sitting at home. She was a victim of this culture of poverty, lack of initiative and so forth. So you do get this situation in Canada under certain conditions, but it is not the great big thing it is in the United States.

Senator McGrand: Is all this on an individual basis or on an area basis? If you take an area with limited resources you are going to get a chronic state of affairs, and in another area you will find affluence. Is this something that goes from generation to generation in the family, a cultural thing that they develop from their ancestors or is it something that is due to conditions within the area? For example, in the depressed parts of a city certain people move out who are more fortunate and certain people who are less fortunate move in and replace them. Is this culture of poverty an area based thing or is it based on the individuals living there? I am thinking now of a study in depth of this thing. I read that report on Inverness County.

Mr. Wheeler: It is extremely difficult to disentangle the individual elements from the reinforcing influences within the community. All that we can say at this point is that they

are intertwined here, and the question is where can you make the most effective intervention. We would suggest, I think, that the intervention comes at the point of the very young children and this requires personal aids aimed at the individuals and also a range of supporting services which can only be provided at the community level, and these services must be accessible. The resources may be there but they are not known or are not really accessible. I would hesitate to say what is individual and what is community proper. For instance, the role of housing—we cannot say that good housing is going to cure poverty but we can say it is extremely difficult to bring about change so long as housing is poor.

Senator McGrand: May we go back to the report on Inverness county? Certain people are staying there, one generation after another. The population is getting smaller every census. Thirty years ago the population was double what it is today. These people who are staying there, is that due to a personal inability to get out?

Mr. Wheeler: Again, I must say it could be a variety of factors. You may well find in every population group that there are differing abilities, and sometimes these abilities are able to find a full expression but even so some will be less well equipped and those who remain tend to be those with poorer health, the more elderly, those who have been damaged at some stage, so that the tragic part about this is that the least well equipped remain and it becomes progressively more difficult to change.

The Chairman: Senator Sparrow.

Senator Sparrow: In your brief you mention that we are prepared to spend our money on wine, women and song—these are not your words but the idea is there—but are not prepared to spend it on poverty. Have your studies gone far enough to determine what the cost of solving the poverty problem would be in relation to our present federal budget? What would you estimate on a federal basis now the cost of solving the question of basic poverty?

Mr. Baetz: That is a very, very difficult question to answer. You cannot answer it, really, but I think there are several clues here to the general deep reluctance to really spend a large amount on poverty. For example, let us go back to this question of income

for the aged. This is one group. We could very easily, through a slight increase in benefits for the aged keep them above the poverty income level, but we are not willing to do it. You do not need to be an expert in mathematics to know that the income of the aged, which is a fixed income, is becoming eroded day after day, and even if you accept the fact—and many would not—that the original \$107 a month was enough we know that in the last two years their income has been eroding and yet what are we doing. I wish we could dissect the question.

Senator Sparrow: Your brief says that the people of Canada must be conditioned to understand poverty and to realise it does exist, we have been hiding it, we have to inform the people that there is in fact poverty in Canada. It seems to me we also have to pay the cost for this. We have to do it on a graduating basis, informing the people that there really is such a thing as poverty, how it can be solved and what the cost will be. At some point we are going to know that the cost will be so many dollars. Our studies are of little use unless we study the costs as we go along as well. It seems to me somewhere in your studies you must be relating it to cost.

Mr. Wheeler: We are all under an obligation to make these estimates and I think in our brief we do recommend a much more concentrated program of research. Our efforts in the poverty field in research have been very piecemeal, spasmodic and unrelated to each other. This is such a large problem it requires large resources to examine it, and I think the costing of it is a very important part of any study.

Mr. Baetz: Mr. Chairman, there is one thing that troubles me about that kind of question, that kind of an approach to poverty, and that is, just as Mr. Wheeler has said, it needs a major study, it needs a long study, and therefore until we really know what the total cost will be and how we should really go about this whole question of poverty, let us continue just to study the matter. I do not think you are going to attack poverty that way. Sure, it would be wonderful if you could. It seems to me we have to keep pecking away at certain aspects of it, the aged, the families who today are living on incomes below the poverty level. We know this and yet we resist one of the very obvious, one of the quickest ways to redistribute income, and

that is to get some money into the hands of those families living below an adequate income level. We are not ready, apparently, to, say, adjust our income tax mechanism to stop taxing families that are very obviously living in poverty. By any definition of what poverty is we know that a family of four living on an income of less than \$2,600 a year is a very, very poor family. In fact, a family of four living on an income under \$3,000 or \$3,700, is a very poor family. Yet our income tax laws keep taxing those families. Are we not ready to take at least that first step. For instance, in Calgary in the Province of Alberta, a family of four on public assistance now has an income based on need of \$5,100 a year plus family allowances. So Alberta apparently is saying that on the basis of what a family needs that family income is \$5,100 plus family allowances. Yet we keep on taxing families of four, and much larger families, though we know they are living in poverty. Here surely is one place we can attack. Every journey of a thousand miles begins with a single step, and we are not going to get to the end of that thousand miles in one big hop.

Miss Godfrey: Mr. Chairman, may I draw the committee's attention to our appendix III which contains Mr. Baetz' personal statement on the guaranteed annual income. There in two different places he makes mention of this cost problem and, as he says, if we are to do things, if we are not to wait to do them, we have to approach it on this basis of individual programs. If at your leisure you would like to look at what he has to say about the cost of a guaranteed annual income (it starts on page 7 and again on page 11) he shows calculations about increasing the old age demogants. This will give you some idea of the problems involved in trying to solve it, but you can at least make an attempt to solve it if you pick out certain sections pending the day when we can do the whole thing.

The Chairman: Senator Fournier.

Senator Fournier (Madawaska-Restigouche): Mr. Chairman, what I have to say relates to paragraph 84 on page 42 of the brief, where Mr. Wheeler argues for an expansion of research. Do we not have now in Canada several bodies engaged in research? Is this research work not being duplicated in many instances? The Department of Cultural Affairs does research, we have the research reports of the Economic Council. Why do we have to have special bodies spending more

money doing more research? It seems to me those bodies that come here to give us their views all want to make more research. Cannot these bodies get together and make one type of research and come out with something?

The Chairman: Senator, that is what we are here for. Let us not forget that the Economic Council recommended a central agency for poverty and for awhile we had an establishment attached to the Prime Minister's office dealing with overall poverty, but that did not work out too successfully, and that is what he is pointing out. What he has been saying to Senator Sparrow is, the cost is considerable—we will have some figures on that—what he says is, peck away at what is in front of your nose, at what you know is wrong, that is what he is saying. So keep that in the back of your mind.

Mr. Baetz: It is like the New Brunswick farmer in a depressed area who was asked by the Manpower Training people if he would take the winter off and go to a re-training school on agriculture. He replied, "What, me go to a training centre? shucks, man! more knowledge, more know-how? Why I ain't farming half the knowledge I have now."

The Chairman: Senator Fergusson.

Senator Fergusson: First, Mr. Chairman, I would like to compliment Mr. Baetz, Miss Godfrey and Mr. Wheeler for the very excellent and I think very challenging brief they have presented to us this morning and I think particularly we should be grateful to them because we have asked them to accelerate the time to make it. Perhaps members of the committee do not know it but our witnesses have a very important meeting coming up next week and no doubt presumed they would have that over before they were asked to prepare this brief. I think they have done a wonderful job. I may appear a little biased but I feel what the Council does for Canada is something that many, many people do not appreciate and I am very glad to have them here.

I would like to make a little speech to Mr. Baetz and his colleagues, and this has to do with the question I want to bring up. It has to do with paragraph 9 on page 7 in which you indicate that all we can do in this committee is to provide a public forum to stimulate public discussion and education. We

agree that this is an important part of the work we are going to do but I would take it that the council does not have very much hope of our doing anything much beyond that. Certainly we do not expect to find a panacea to end poverty at little or no expense, but is it necessary to be at little or no expense? We might find a panacea.

I might remind the Council that some Senate Committees have provided good ideas on which legislation subsequently followed. I mention the Committee on Divorce of which Senator Roebuck was chairman, the Aging Committee of which Senator Croll was chairman out of which came the guaranteed income supplement. Certainly Senator Roebuck's Divorce committee presented recommendations which brought about the new divorce laws. The Land Use Committee, too, under the chairmanship of Senator Pearson did excellent work. I just want to remind the Council, Mr. Chairman, that there is a possibility that we may be able to find causes and we may be able to make recommendations that may be helpful. On this I did not want an answer, I just wanted to bring it to your attention.

The Chairman: Senator Fergusson, has he not changed his brief this morning. Already he is saying to us now, take aim at this, take aim at that and chip away at them. These are definite proposals given us this morning.

Senator Fergusson: Yes, that is quite true, particularly the interim report on aging, which I will support. What I had in mind to bring up as a question has to do with the Canada Assistance Plan on which there is a footnote on page 15, and also there is reference to this on page 30, paragraph 55, and again on page 34, paragraph 65. On page 30, paragraph 55 states that the Canada Assistance plan has not been implemented by some provinces and municipalities. I wonder if you can tell us which ones, and why? The question I am about to ask arises from footnote 20 on page 15, where it is stated that in the province of Alberta there is a certain amount that the province will supplement. In your presentation you gave us the figures for Alberta. You also mentioned the Atlantic provinces. Do you have any figures for the Atlantic provinces?

Miss Godfrey: That footnote, Senator Fergusson, only refers to the section of the Canada Assistance Plan which makes it possible for employed people to be helped.

Senator Fergusson: Yes, I understand that.

Miss Godfrey: I am not so sure it would be possible to get some figures for the Atlantic provinces. We could try, but we do not have actual figures at our finger tips.

Senator Fergusson: You have figures for Alberta.

Miss Godfrey: That is because there was a recent study made in that province.

Senator Fergusson: We could get this information for the Atlantic provinces, I suppose?

Miss Godfrey: I imagine you could from the various provinces. This is one of the problems, of course, in that information and statistics are not coming through sufficiently to permit a proper evaluation of the Canada Assistance Plan up to this time. All provinces are taking advantage of the Canada Assistance Plan, they all have agreements of one form or another, but this particular section we happen to know is not implemented by a number of the provinces.

Senator Fergusson: Can you make any suggestion as to how there could be given a similar interpretation to this act throughout Canada? As most of you realise I helped to administer the Family Allowance Act and the Old Age Security Act at one time, and the directors from each province would meet at least once a year and compared how they were administering the act. We tried, although we were not under any pressure, to administer the act in British Columbia as we were doing in Prince Edward Island. We know it is different in the administration of this act, but can you suggest any way in which the Canada Assistance Plan can be made uniform throughout Canada?

Mr. Baetz: I might partially answer that question by way of a general observation about the Canada Assistance Plan. Certainly we have felt over the three or four years that the plan has been in existence that the concept of the Canada Assistance Plan as originally conceived was one of the most enlightened pieces of legislation in the social assistance field. It really was a very advanced piece of legislation. It was, of course, a permissive piece of federal legislation, but quite frankly from that very high plane on which that plan started it has been eroded, it has been qualified and modified in many dif-

ferent ways, to the extent that today it is operating way below its potential. We would hope that this committee will be able to do something about this, and the Canadian Welfare Council would be happy to help you on this because in the next few months we will be taking a much closer look at how the Canadian Assistance Plan is operating. We know of many ways in which the plan is being thwarted. According to the federal legislation, assistance can be provided to persons in need, but who is in need? Some provinces say nobody who is employed is in need, but this is not true. The federal legislation is there, it is permissive, but the provinces have not taken full advantage of the legislation at all and in some cases where the municipalities have the final say, it is the local governments who have been resting on their oars as it were and not taking full advantage of the plan. Even though 80 per cent of the money is supplied by the federal and provincial governments these municipalities will not move on this. You may say that a municipal politician is not as enlightened as a federal or provincial politician.

Senator Fergusson: We would not say that.

Mr. Baetz: But it may be that the real problem there is the taxation power of the municipality, the municipality does not have the funds and it is scared to death of high welfare expenses or even substantial welfare expenses. So, in spite of this very excellent federal legislation, and maybe good provincial legislation, when it gets to where the people live in the communities the local government says we have no money and we have to keep this thing down. A good example is here in the city of Ottawa on the matter of day care. So the program is stymied. We would be happy to provide any help we can on this to have a real, good, critical examination of the extent to which the Canada Assistance Plan is operating because this is an important and excellent piece of legislation by any standard.

Senator Fergusson: Do you not think more education can be done on this, and I am speaking about myself a bit? I served on a municipal council where I administered welfare for a small city, and if people who are actually administering knew that for less actual cash they could give benefits under the Canada Assistance Plan it would be so much better for the recipients and actually not cost them any more money. Do you think if these

people knew this, if they really understood this that they would grasp that?

Mr. Wheeler: This is an enlightened approach and it requires taking the long view of the problem and this is not easy to do when you are subject to strong pressures at the moment. I am sure I do not need to remind honourable senators that there are pretty important constitutional issues involved here because this is a shared-cost program in which, I think, the federal government has been very reluctant to assert any leadership or any standards for fear of offending the provinces. I think this runs through many of our welfare programs and as a result we have forfeited the ability to institute nationwide standards. I think to do so would bring about strong provincial opposition.

Miss Godfrey: On page 35 we repeat what we said in our social policy statement that the federal and provincial governments cooperate in the development and application of social assistance standards, but this can only be done cooperatively. They are beginning to have federal-provincial gatherings of welfare deputies and so on to exchange the kind of information Senator Fergusson spoke about dealing with in the family allowance and old age security programs, but the position there was very much clearer.

Senator Fergusson: Oh, yes, I realize that. I know there is a different constitutional problem in this case but couldn't they voluntarily get together to do this, if they realised the benefit to themselves by doing so. I know we cannot do it the way we did with family allowances but people would see what is for their own benefit.

Miss Godfrey: This is the question of attitudes again which has to be changed by information and education.

Mr. Wheeler: If as a first recommendation your committee would recommend that we have adequate reporting on the way the plan operates, this would be a very valuable first move. This we do not have.

Mr. Baeiz: Because the federal government has been very, very sensitive on the constitutional question, it has a real concern that if you insist on too much reporting you will offend people.

The Chairman: I did not know that reporting was a constitutional question. Actually I think you are raising a matter that has no effect at all. There is no constitutional question involved as I can see it, I never heard of it before. But if the government makes a contribution it certainly can say it makes the contribution on the basis that a certain standard is maintained. We do that all the time.

Miss Godfrey: Well, there has been a moving away from that; for example, there are no standards set under the Medical Care Act. The difficulty is not necessarily an actual constitutional fact but an *attitude*, that is our claim. I think a very good example is the one we touched on in the brief, the question of appeal boards. Under the Canada Assistance Plan you have to have an appeal board set up within a year, and Mr. Munro was asked about this situation in the House the other day and he replied this was in all the agreements. In fact, Ontario has just now after three years go its appeal board in operation although the province has been getting its share of federal funds. It is not that the federal government could not clamp down on them, it is just that no one wants to tackle the provinces on that.

The Chairman: Senator Fergusson.

Senator Fergusson: That is all I have, Mr. Chairman.

The Chairman: I think I should tell you on behalf of the committee that one of the decisions we made in the very early stages was to take a thorough and complete look at the Canada Assistance Plan. We have one of our staff who is a fully qualified social worker with a great deal of experience who has his nose in this and he will have a report for the committee in a little while. We have also been drawing on your council for assistance with respect to the Canada Assistance Plan and have been talking with Mr. White. Senator Everett.

Senator Everett: Mr. Chairman, my question is in connection with paragraph 21, page 14 of the brief, which refers to a poverty band as opposed to a poverty line. We in the Economic Council have used the definition of poverty line because there appeared to be no better definition taking all into account. We realise we should be dissatisfied with that, that there should be better ways of defining poverty. Would you like to indicate that poverty band would be a better way of defining it.

I wonder if you would like to tell us just how this poverty band definition works and if it is better than the poverty line definition.

Mr. Baetz: Perhaps my two colleagues would like to comment on this. But rather than try to define a poverty band we should try to describe it. It is a concept, really, but I think we should get away from the line idea because line suggests a neat cutoff at a certain point and far too many of our income maintenance programs have been on this basis: you reach a certain level in your income and suddenly all financial assistance is cut off. Social services are cut off. If a man is on public assistance today he not only gets financial assistance he also is provided free social services, he is provided free medical services, free dental services, free homemaker services, and suddenly at a certain line they say you are now independent and he not only loses the help on his income but he also loses all these other attendant services. We think that rather than a sharp cutoff there should be a tapering off.

Senator Everett: Let me interject there. That is different than defining what is poverty. What we are attempting to find out here is how do we define poverty, if because we have no better definition we use the term poverty line. We are still very open to the suggestion that there is not an immediate cutoff. Your investigation of the negative income tax in the United States—I think you have a term for it which slips my mind—indicates that as the income increases the assistance does not decrease proportionately, it decreases by a percentage.

Mr. Baetz: It is a graduation.

Senator Everett: If what you mean is that there is another more meaningful definition of what is poverty than the term poverty line we are very much interested. We are very much aware as a committee of that problem, if that is what you mean by poverty band, I think we are aware of it.

Mr. Baetz: I would say that is another factor, and again this is part of the description, we are not trying to define this poverty band. All families of four with an income of \$3,000 do not live under the same circumstances. There are vastly different circumstances. If a young man happens to have a good education and a trade he will move this way up; if he

has no training or education he may still have that income but he is already moving the other way. The fact is that all families of four having the same income are by no means living in the same circumstances, so here again you have to leave some leeway though both are perhaps living in this poverty band.

The Chairman: Senator Roebuck.

Senator Roebuck: Mr. Chairman I have some observations to make. I would like to join with Senator Fergusson in her compliments both to the document and also to the presentation that has been made of it. Mr. Baetz spoke about the shortness of time he had to prepare it. We are all under that cloud, we are all overworked. I was able to read only a portion of this document but to the extent that I have read it I was greatly impressed with the clarity of expression, the excellent writing and so on, and I am equally impressed with the presentation made by Mr. Baetz today, and I think we are all going along with him very strongly in the portion of the problem that he has selected, that is, apparently the thinking so far is entirely with regard to the efficiency of our handouts. It is not very efficient, and there are places here where we could increase it a bit and we will certainly take care of that in our report.

But what I am possibly a little disappointed in is that we have not had a little more of the general big stuff discussed. For instance, we all have in mind, thinking about it, the guaranteed annual income. I mentioned about the document because I understand you have given some attention to that but nothing was said at all in your address about these big subjects. These little things we can take care of as soon as we get the information, but these big things such as abolishing a lot of these partial remedies and adopting a big one such as the guaranteed annual income were not pursued. I will be disappointed if we finish up this report without including something big and imaginative that has got some punch in it.

I am not entirely satisfied with the thought of the guaranteed annual income for this reason that we have seen very good schemes vitiated in administration, where by lowering the purchasing power of the dollar you have killed it, and we have also seen family allowances partially vitiated by increases in rents. I am not so sure about it and that is why I would like the Council to give us some real

information on it. I am not so sure the same results might follow when we have the guaranteed annual income unless we hitch it to the cost of living index. That might help. And then too I am disappointed in this, that the Council and yourself do not seem to have given any thought at all to the economic situation of poverty, and that is something that led me to suppose you were avoiding this subject.

You said we could not hand this down to the government. Of course we have handed down a lot of things to government. Senator Fergusson pointed out a few of them. There is not a doubt at all in my mind that a great deal of our economic difficulties are due to lack of thinking in government, and proper action. Here you have quoted, and I thought very aptly, Archimedes: "Give me a place on which to stand and I will move the world." Of course he had a place to stand. We can always go out in the street and stand. But in this country we can stand on productive land only if we pay the rent or possibly we can build a house if we have enough money to oust the forestaller, the speculator and so on. These are just suggestions of what I have in mind.

I think we are away behind in our economic thinking and I am disappointed to see the Council is apparently avoiding it. I give them very great credit for what they have done, for drawing to the attention of the nation the poverty that exists in this country. In the past it was not a nice subject, it was not gentlemanly to talk about it at all and so we brushed it under the rug, and the Council has brought it out and brought it right into public view and now we are taking a good look at it and we do some little things here and there, taking pecks at it, at least, to plug up some of the holes and improve it a bit. We have no business to have involuntary poverty in this country, a country of tremendous natural resources, with advantages of position, a parliamentary system, and many other things, and public education. Why, we have tremendous advantages and for us to be bothered with involuntary poverty is, as the Council has said, a disgrace. I would like to see the Council go into this subject of the guaranteed annual income in detail, and help us out on that because we are going to do something along this line. We are going to say we ought to adopt it. We ought to be able to say what

the difficulties are, what the objections are and what the advantages are. It ought to be studied thoroughly because it is right in front of us as one of the broad things we may be able to do something about.

I will be disappointed indeed if this committee neglects the broader questions of economic results of poverty. You said there were something like 4.4 per cent of the unemployable who did not have jobs. Well, I do not believe that figure, but there is something more to be said about it. You have not touched on the working poor which is a tremendous factor in our situation. People working hard, intelligently, the best educated industrial army in the whole world and a great many people in positions where they are giving the best they have and not getting enough to keep a family in decency. That is economic. That is a matter where legislation can play its part if we have the wisdom, the fundamentals of the situation and dealt with them. I know you cannot make omelets without breaking eggs but you can bring about sometimes the happiness of your nation without great expenditures of money. If you mean that we cannot deal with the problems of poverty without spending more and more and still more gigantic sums in distributing money, I think you are in error. There are methods whereby we can deal with it, with the problems of poverty, particularly with involuntary poverty of which I spoke and the working poor. That is all I have to say, Mr. Chairman.

The Chairman: Mr. Baetz, you are the expert on this, would you care to comment on Senator Roebuck's remarks?

Mr. Baetz: Mr. Chairman I am certainly pleased to accept Senator Roebuck's challenge here that we do more on the whole concept of the guaranteed annual income. Our Council did, of course, accept this objective, this social economic objective of the guaranteed annual income, as a matter of policy and it is included in our social policy statement. I might say, Senator, and you might not be too surprised to hear it, this created a good deal of heartburn in our board of governors because a lot of people have many questions about this guaranteed annual income as a social economic objective. To date, and this is why we will accept your challenge, we have mainly seen this as an objective. We have not done any intensive work on the methods to be

employed in achieving that objective. Is it going to be through a negative income tax system? Is it to be through a demogrant system, or something different that has elements of both the demogrant and negative income tax in it? We certainly are encouraged to hear that you gentlemen feel that this may be the way of the future, a guaranteed annual income, because certainly in the past we felt we had reached the stage of economic, cultural and social development where we can in fact guarantee at least a minimum annual income to everybody in Canada. We accept the challenge very gladly and we are encouraged. On the question of the working poor, this too is a matter which has bothered us for a good long time, simply because so many people when they talk in terms of the poor seem to think that we are talking about those who are on public assistance, those who are unemployed or are on relief. But of course this committee knows and we know there are millions of very poor in this country who are, as you described them, Senator, the working poor, and we must find ways and means to assist these people because if we do not it flies in the face of this whole business of incentive. If the man who works hard cannot by the dint of his hard work provide even an adequate minimum income for his family what incentive is there to stay employed? The incentive is to say, I must go on public assistance.

Senator Roebuck: Is there an economic method of approaching it as well as the hand-out method?

Mr. Baeiz: Well, I think you immediately run into some real, fundamental questions on this. In our society, the society of a free enterprise system, we say that it is fundamental that we pay people according to deed, not need. We do not pay salaries and wages in this country on the basis of family requirements, we pay them on the basis of what a man can produce on the job.

Senator Roebuck: Oh, no.

Mr. Baeiz: On the basis of his performance. We could by legislation increase the minimum wage but this does not solve it completely. It may help in some cases but it is not going to solve the problem. You can never get your minimum wage high enough that a man with no skill and eight children is going to earn

enough. So, unless you are going to disrupt the free enterprise system, which we are not proposing to do, you have to devise other methods of getting more money into the hands of the working poor pending the introduction of a guaranteed annual income. Perhaps the best method is through an expanded family allowance program. Frankly, we have yet to hear of a scheme that is more effective in re-distributing income, in getting more money into the hands of the working poor.

Senator Roebuck: Have you ever considered the distinction between Jamaica and New Zealand, for instance? Why are conditions so poverty stricken in Jamaica? What is the difference that makes the condition of the working poor in New Zealand so much superior? Have you ever gone into one of those sort of things?

Mr. Baeiz: No.

Senator Roebuck: That is why I say I am disappointed that you do not go into that kind of story. We have seen the working poor abolished in Russia pretty well but with such evil results that we do not want to follow them, but we know that it can be done, and so on. I could go on talking for a long time but I do not want to, but I want to make clear in your mind that you are not attacking the big fundamental questions that the government is interested in and could play a part in.

The Chairman: Let us get on with other questions. We will get back to that again, Senator Roebuck. Senator Fournier?

Senator Fournier (Madawaska-Restigouche): Most of the questions I had in mind, Mr. Chairman, have been answered. Firstly, I would like to endorse all of Senator Roebuck's remarks on the working poor. I think he is quite right on the statement he made a few minutes ago. The matter of the poverty band as against the poverty line definition has been discussed to my satisfaction. Also the Canada Assistance Plan was discussed to my satisfaction in the conversation by Senator Fergusson. My last question is about other research bodies in the poverty field. I gave my views on that awhile ago and I need not repeat myself. Practically every brief that has been presented here called for more and more research. My point is that with all the research that goes on in the government departments there must be a tre-

mendous loss, rather I should say a tremendous duplication of work, there must be a lot of people working on the same thing.

Mr. Wheeler: Senator Fournier, I could not agree more with you, but I think the whole point of our recommendation was not to set up a new body but to make the research we are doing much more effective and apply the results to the different programs. It is a question of coordinating the research efforts being carried on in many different departments so that the results of the researching are fed back to the different programs. We seem to be very short in the application of research findings. We are certainly not proposing a new body.

The Chairman: Senator Pearson?

Senator Pearson: Mr. Chairman, I start with an extract from paragraph 9 on page 7, the same extract referred to by Senator Fergusson a while ago. It reads "We believe the Special Senate Committee on Poverty can make a major contribution to public understanding of this situation through the forum it is providing for public discussion, and the educational and interpretational value its report will have." And now I turn to your brief, on page 11, paragraph 15: "This is not because the poor do not accept the customary values of the society, but on the contrary because they do accept them, particularly the luxury standards constantly hammered home through mass media and in more subtle ways."

Senator Everett asked about the organization of the poor in the United States, it is gradually building up. The mass media will make and use all the sensation they can get out of this. This is how they live. It is natural that they do this because they make their money out of selling their papers, and their papers have to be sensational or they would not sell. Television does the same. I am wondering if your Council, which will remain in being long after our committee on poverty has brought in its report, could use the mass media in bringing out the discussions that are taking place now in this poverty committee. You have a very widespread organisation which can carry this thing through to the mass media much better than the individual reporter coming to our committee here and weeding out what he wants to insert in his newspaper. This is what particularly happens

right now. I feel that the Canadian Welfare Council through their tremendous organisation can use what we are working on, say the guaranteed annual income business, keep pressing that in an educational way to the country as a whole and you will gradually get the idea over so when we bring in our report it will put the cap on the whole thing. In that way I think you will gain a great deal.

Mr. Baetz: Certainly. I must say we do get excellent support from the mass media on our public educational programs.

Senator Pearson: I believe you do.

Senator Roebuck: That is because you said something.

Mr. Baetz: We like to think we do, anyway. Certainly we will keep hammering away at this concept of a guaranteed annual income. I might say that a good many of the provincial governments are beginning to pay very serious attention to this; they are very interested in this.

Senator Pearson: The municipal governments, the little ones in the country are the ones who do not get this thing.

Mr. Baetz: A number of the provincial governments have asked us to meet with them and discuss this whole question of a guaranteed annual income. I think there is a very perceptible warming up to the idea of a guaranteed annual income. Two years ago someone might have said you are nuts or a communist but today more and more people are beginning to say this makes sense, and it may well be that your Senate report will put the cap on the whole concept of a guaranteed annual income. I think we have to be careful that we do not leave the impression that the guaranteed annual income is going to be the panacea for all sorts of ailments. Along with this kind of a guarantee you have to have provisions for training programs, services, provision of meaningful activity for people, and also make sure that your floor level of the guaranteed annual income is high enough, or the thing is going to be meaningless.

Senator Pearson: Also, explain the Canada Assistance Plan. It needs to be much more broadly in the public view than it is now.

The Chairman: They say so and they have the most information at the moment.

Senator Pearson: Yes, I believe that.

Senator Fergusson: They could do a lot more work if they had the money to do it.

Mr. Baetz: Quite frankly, Mr. Chairman, we would dearly love to do an intensive piece of work on the Canada Assistance Plan next year, because we happen to know the people who are operating it and they have confidence in us and we in them. We know that there are many people both on the political level and on the administration level who are thoroughly dissatisfied with the way the Canada Assistance Plan is operating, thoroughly dissatisfied. But they need our help, the help of people who are crazy enough to stand up and say it is a badly operated program and it is not moving the way it should. But to enable us to get the ammunition we need to do a study, to do research to make sure we are on solid ground. If this committee wants to help us financially we will be delighted. Our accounting office is open at all times.

The Chairman: Senator Inman?

Senator Inman: I find this brief very interesting. I think it is one of the best we have had. I read on page 11, in reference to what Senator Pearson spoke about: "A person is poverty stricken when he is full of a deep sense of inequality..." and so on. You say apparently more than money is needed. My question is this: How would you suggest these people can be reached if money is not the whole problem?

Mr. Baetz: Well, money certainly is a major item, it is fundamental, but it is definitely not enough because we are increasingly recognizing that a major and an important characteristics of poverty and the feeling of being poor is this whole question of not being a part of the main stream, of being alienated, of being something different, of being set apart, not good enough, or something. Unfortunately some of our programs accentuate this feeling. It has been said that social rights can fall under the two general categories of the two most important infinitives in any language, the infinitive to be and the infinitive to have—the right to be and the right to have. We can, very unwittingly, in our social services programs meet the right of "to have" by giving enough money to keep body and soul together, but in the process, if we are not careful how we meet the right of "to have", we can violate and transgress the man's right

of "to be", we destroy the man's dignity. This is what happens quite often in some of our selective programs at the present time. We degrade, we dehumanize, we bug people, we make them feel that really they are inferior people and then we give him enough just to live.

Senator Inman: Have you any suggestions as to how this thing can be operated better than it is, how can they be contacted to get them over that feeling, apart from the money question?

Mr. Baetz: I think there are probably many different ways of doing that through properly devised social assistance programs. We get back to the family allowance program again, it carries no stigma. We have to work away through the social services. We have to help pre-schoolers in the day care centres. We have to help these people.

Senator Inman: To give them better morale.

Mr. Baetz: Give them a better morale, yes. Assist them to jobs, because a job in our society is the thing that brings status; if you work you have status, if you don't it is a question.

Miss Godfrey: Mr. Chairman, I think we've got something on this beginning at page 34, headed Access, Information and Participation. We are very poor at having the people who are involved in the program have any kind of participation in planning the program. We do not go out and find out what it is they really need in a certain area, for example. We do not give them the dignity of coming in to discuss with us. The whole question of educational opportunity and so on is vital to this question of getting away from alienation. It is an imponderable. As long as they feel they are looked down on they will feel poor however much money they've got.

Senator Inman: Mr. Chairman, I have another question. It relates to the statement in paragraph 9, page 12. It reads: "Adequate standards of living for individuals and families should be defined and established and should be reviewed and adjusted periodically as required." Has there been any extended study of this problem?

Mr. Baetz: The answer is simply, no there has not been, and I think this goes back to what Mr. Wheeler said earlier, we do need

research but we need research of the right kind. Here is a very fundamental study that needs to be done, but it has not been done. We have done all kinds of different studies, but not this. Here, surely, is one of the basics: What does constitute an adequate standard of living for an individual or family. We have not tried to answer that in any systematic way.

Miss Godfrey: On page 13, what we say there, Senator Inman, is urging this be done, and incidentally we have been supported by the Economic Council and by the Prime Minister. Incidentally, this has something to do with the question we have been wrestling with earlier, the poverty band. If you think of it in income terms, what is being said here is that you cannot have just one level, you have to adjust it according to various needs and various regions and so forth, and the same applies to the needs of families. Any guaranteed income has to have some relation to the family composition and so on, so that here again if you really went into this kind of thing you would find that your poverty band widened into the working poor and beyond. But the standards are almost bound to be different, a whole series, a range of adequate standards.

Senator Inman: In paragraph 84 on page 42 you make mention of research bodies in the poverty field. Who are these bodies and what have they been doing and where are they?

Mr. Wheeler: Each government department usually has a research arm or body. For instance, the Department of Economic Expansion, ARDA has a very active research program. The Department of National Health and Welfare, the Economic Council. In fact, a host of government and private research organisations. But what we are concerned here with is the research being done under public auspices. The people doing research in the different departments should know what the others are doing so that the best use can be made of what really are scarce resources, namely, good research.

Senator Pearson: In other words what you need is a coordinating committee?

Mr. Wheeler: Yes, for coordinating research.

The Chairman: Isn't there a lot of it fed into the Dominion Bureau of Statistics?

Mr. Wheeler: Yes, but there is no attempt to evaluate or direct it.

Mr. Baetz: As a matter of fact we might find it a useful exercise to find out what coordination exists between the different departments.

The Chairman: They don't need to tell us about it. We are of the view that none exists from what we have heard so far and that disturbs us. Let us not get into that now, Senator McGrand. This is the second time around.

Senator McGrand: In this study that you have made of poverty in Canada you must have made a lot of comparisons with other countries in the world, and Senator Roebuck mentioned New Zealand. That is a country of 110,000 square miles with a population of about two million, with no great resources other than agriculture, and yet they are able to meet the challenge in the world and secure a market that is half the world away from them, and they have been able to move along these lines very successfully. That brings me up to Norway because I am going to mention Inverness county in Cape Breton. In Norway they have the same resources we have in Cape Breton: the sea, land that is not too good, yet Norway has no poverty they tell me, and no one is leaving the land in Norway, running away from their own resources.

Senator Roebuck: And Norway would have their mothers and their children, the halt and the blind like we have and there is no economic problem in taking care of them.

Senator McGrand: No economic problem. They tell me they have no poverty in Norway.

Going back to Inverness county in Cape Breton, and I have the study that you mentioned. Of course they did lose the coal industry there, the Inverness mine below Port Hood and that has contributed a lot. But remember Inverness County is 150 miles long, it is the whole length of Cape Breton, it is quite a large area.

Senator Inman: It is larger than P.E.I.

Senator McGrand: In this study you have made on the culture of poverty it says: "Having identified a group of 75 families who are regarded by the community leaders and the poor families themselves as living in poverty."

ty..." Now I wonder of 75 families living in an area as large and diversified as Inverness county, if that is a fair, an adequate analysis or study in depth to determine what the culture of poverty is for a place like Inverness county? That is what I had in mind, to make a comparison of what you know about poverty in Cape Breton, what you know of it in Lanark and in the interlake district of Manitoba and compare it with similar conditions that may exist in other countries of the world such as Norway and Iceland. I am told Iceland's economy depends on the export of fish and they have no poverty there.

Mr. Baetz: This study of Inverness county was not intended to be an analytical study in depth of poverty in that area. On the contrary, this was simply an effort to try to get what we call a photograph of reality, simply trying to get a clear picture of some poor families in Inverness, and at the same time we did it in three other regions of rural poverty in this country. It was done at the request of the then minister in charge of ARDA, Hon. Mr. Sauvé who said, I have looked at graphs and statistics until I am blue in the face and I have read about abstracts and concepts and now I want to know what the people live like, I want to get this photograph of reality. I must say our researchers at the time thought this was an overly simplified approach to the subject but we did it, and we have been very impressed. We would encourage the members of this committee to take a look at that study, just to read some of the case histories. Here is a very excellent way to get a real, close look at what poverty is, much better than through a lot of graphs and charts.

Senator McGrand: This was the second one, it was done by George Caldwell, wasn't it?

Mr. Baetz: Yes.

Senator McGrand: I read the other one done by a man from the University of Montreal, Mr. Pepin. He did one on Inverness, one on Kingstown in Prince Edward Island and two in New Brunswick. I read them both and I compared them and they did bring out much the same thing, it is the same pattern in both reports. Of course anybody doing research along these lines cannot go to see everybody, they have to take sample.

The Chairman: Senator Fournier?

Senator Fournier (Madawaska-Restigouche): Mr. Chairman, this is a little statement I want to make, it is not a question. At a meeting I attended recently I said that welfare is the curse of the country. I hope members of the council did not think I was referring to the welfare council! In the report of what I said there were a couple of words omitted, I said it is the waste, the abuse of distribution of welfare. I come back to this again because I think it is very important. Distribution will have to be watched. I know of many places where one dollar goes to the poor who are deserving people and two dollars goes to people who are above the line through fraud and tricks. There is no use denying that, or hiding behind it.

Mr. Baetz: I would like to make two comments on this, Mr. Chairman. This is true and again this comes back to attitudes. There is a feeling that there is a good deal of fraud going on among the poor and the feeling is that some poor are fraudulent and trying to take the government or the voluntary agencies for everything they can. But they are a very small percentage and, I suspect, it is about the same percentage you will find in the upper income group.

Senator Roebuck: Hear, hear. Nobody has a monopoly on that.

Mr. Baetz: Mr. Chairman, I would like to make an observation about social welfare which, as everyone knows, is under increasing public abuse. It is the system that really is getting it these days. I would be the first one to put on the hair shirt of penance for the welfare system. There are many, many shortcomings in the welfare system but today it does seem to me that the poor social welfare system is overloaded. It is an overloaded horse because it is taking on the assignments and shortcomings of a lot of other systems. If a man at the age of 45 needs to be on welfare because he did not get beyond grade 2 which system can be blamed for that? Is it the social welfare system? Or perhaps we should take a look at our educational system which did not look after him away back when. Or if a man can no longer take employment maybe we should take a look at our manpower programs. Or if a man is not healthy enough and needs to be on the public assistance system maybe we should take a look at our health programs. In other words, the social welfare system gets saddled with the casualties of a

lot of other systems in our society and because the costs go up people are inclined to say, well, it is that dreadful social welfare system that somehow or other is not producing what it should. Surely it is not producing what it should, but I think the thing is overloaded, a fuse has blown, it is just trying to make ends meet day after day.

The Chairman: You talk of a fuse having blown. I have a question that seems to fit in there. We hear of many people who are on welfare complaining about the social worker. What is the trouble?

Mr. Baetz: There are probably a number of causes but the immediate one that comes to me is that so often in our social assistance programs where we give money to people we say, "If you are going to accept money from government you will also have to accept our good advice, our counselling". So in a sense we have been forcing counselling down the throat of a family that does not want counselling. I think this is one of the reasons people on welfare do not like the welfare system. Quite frankly we have said in our social policy statement we should not in every case insist on providing counselling service. In some cases it is indicated but you cannot force counselling down the throats of unwilling people. Another thing is that the case worker is the representative of society closest to the man in poverty; he is the point of contact, and if the poor have a resentment about society, which they do, the one they can hit and know the best is the case worker, the social worker, who happens to come into their home all the time.

Miss Godfrey: I would like to add to that, this brings up another weakness in that we do not have enough really qualified manpower, social workers. In fact the great majority, certainly those in public programs, are people who are untrained, they are often people who administer the technicalities of the program, they do not perhaps know how to do it without upsetting the people they are working with. There is a terrific upsurge in training in the public field, excellent, but this is a weakness in our system and this is another place where money is needed.

Senator Roebuck: And then, don't forget that the social worker does not always have enough money to answer all the demands.

The Chairman: Senator McGrand?

Senator McGrand: This is a general question, Mr. Chairman: Do you think that Canada has an affluent society or do you think we only think we have?

Mr. Baetz: I think for those who are attached to the productive system it is very affluent and it is becoming more affluent all the time. Wages and salaries go up 8.8 per cent a year for the average, much more for others, and maybe this is getting back to your observations about New Zealand. There is a big section of our society that is hooked into the productive machine that has almost taken off in their standard of living, they are on their way, because of this rapid increase which you do not get in New Zealand you do not get this kind of productive explosion, there everybody is sort of in the same boat still. And because those who are hooked into the productive machine have really taken off and those who are not hooked into it are down on the ground and they see the rest up there, the gap is getting wider all the time.

Senator McGrand: Do you say that the New Zealand and Scandinavian systems are similar?

Mr. Baetz: No, they are not similar. Sweden has a high rate of productivity, it is an industrialised country, but there through their income redistribution and through their manpower deployment program, things that we have not really touched in this country, through a rational kind of approach to manpower deployment Sweden has managed to keep the gap narrow.

Senator Pearson: One traveler told me that New Zealanders are all poor but they are all on the same level so they don't know they are poor.

The Chairman: A gentle sort of poverty.

Senator Carter: On this point that you made there, how can you make comparisons between a little country like New Zealand with half a continent like Canada? Surely space and geography itself is a powerful factor in preventing us from attaining the kind of uniformity they have in smaller countries?

Mr. Baetz: The Canadian poor do not care about the Scandinavians; the Canadian poor are interested in other Canadians.

Senator Carter: That is not an answer to my question. My question had to do with the

inference that if New Zealand can do something, if Sweden can do something, Canada should be able to do it too. My point is this, yes if Canada had its twenty million people compressed in the space in which they are in Sweden it would be much easier to direct things, but here our social welfare systems and all the other things that we complain about are really part of our geography. You cannot escape that. If our social systems and social programs are not working as well as they should, geography is one of the factors that prevents them from being as effective. That is my opinion. I would like to hear yours.

Mr. Wheeler: You get into a very treacherous area when you try to compare different countries because of the enormous differences. I think it is worth bearing in mind that there is one common factor here and that is how you distribute your wealth. It may well be that the distribution of income is on a more equitable basis than in Canada.

Senator Carter: You made a point in your brief that productivity is an element, and I agree with you, but in a federal system like Canada where you have a central core in which productivity is skyrocketing and you also have this wide periphery, this continental wide area, where the more productivity skyrockets in the central core the more it goes down in the periphery. You cannot change that fact. It is not that easy to level it off when you have ten or eleven jurisdictions to deal with. I think these are false comparisons you are making there. There may be an element of truth in it but in the broad context I think you are making false comparisons. But that was not my real question, Mr. Chairman. What I wanted to ask is this: You spoke this morning about attitudes. That is a major factor that poverty cannot overcome unless we change the attitudes of people, the attitudes of the majority, the attitudes of the affluent, but how are we going to do that? You spoke about the social worker being the point of contact of society with the poor, but doesn't the social worker represent a paternalistic attitude? Everything that comes to the fore comes from somewhere in a paternalistic context. How are we going to combat that? Have you any ideas that would help us on that?

Mr. Baetz: I cannot by any means answer your question completely, but two immediate

thoughts come to me as to how to get rid of that paternalistic attitude being built into our social programs. One is to guarantee an annual income, to have a guaranteed annual income. If the computer says your income is not up to a certain level you will get a grant to bring it up to that level. And, of course, there is the family allowance.

The Chairman: Meaningful family allowance.

Mr. Baetz: Yes, meaningful family allowances is another way but they do not mean a thing today, they are completely eroded.

The Chairman: Senator Fergusson, you have something on your mind?

Senator Fergusson: Yes, Mr. Chairman, I have something on my mind in that we stopped Mr. Baetz at certain times. There is a great deal in the brief of the Canadian Welfare Council that has not been touched on at all. For one thing, we spoke little of the guaranteed annual income that is referred to on page 40 of the brief at some length. I am thinking of other senators who have not had the privilege of being here, and also other people who are going to read the minutes of this meeting, I know there are many people who are studying this and they will be very anxious to know what the presentation of the Canadian Welfare Council was and I am afraid they are going to have somewhat unbalanced ideas because of things that have been left out. I don't know quite what we can suggest. I would point to one thing: to show that the Canadian Welfare Council is interested in the guaranteed annual income they sent us appendix III to this brief, which is Mr. Baetz' own statement. Of course this is a personal view, but I suggest that this appendix be printed along with the minutes.

The Chairman: I agree, and with permission of the committee we will do that. It is a very useful document for all of us and I have read it and I find that it is a well thought out document. (See Appendix "O" to today's Evidence)

Senator Roebuck: Will the brief be printed with our minutes?

The Chairman: Oh, yes.

Tell me if you have any views on this: Our general approach to the problems of the poor, without being too specific, in assessing their needs is Income, services and attitudes.

Senator Roebuck: And opportunity.

The Chairman: We cover a lot by attitudes. Would you care to comment?

Mr. Baetz: What is it—money?

The Chairman: There are three: money, services, attitudes. Attitudes towards employment, social services. What do you think?

Mr. Baetz: I suppose one could develop any kind of a theoretical framework in which to bring into view this whole subject. There is no argument with that approach at all, in fact initially it sounds very good. Our theoretical framework has been with an eye to the causes of which we name six, determining what the causes were and searching out ways to deal with these specific causes. Certainly I think your categories here sum it up very well.

The Chairman: On page 2 you say to us, why has there been so little change in the poverty situation? Indicating that it has not changed at all. Would you elaborate on that a bit?

Mr. Baetz: Well, we feel that in the last few years there has been very little change in our war on poverty, very little advancement made. By way of substantiating that summary statement, one can go to the question of the aged. Have we improved their condition at all or has it eroded? We know what the answer is; we looked at it this morning. The whole question of the working poor families: What have we done to help them? Really nothing. In fact, as the consumer price index goes up and the family allowance rate remains unchanged, we are doing every year a little less for the working poor. What have we really done in housing? What have we done by way of setting up maternity benefits for the working mother? Nothing. What about day care centres? What about the Canada Assistance Plan with all its beautiful objectives and the dreams that went into it? It is not working out.

The Chairman: Senator Carter?

Senator Carter: On that point, Mr. Chairman. The federal government sets up the Canada Assistance Plan and outlines the broad principles under which it is to operate, but it does not operate.

The Chairman: He said that. Just on this point, you said something to us that we heard

before. I think we agree that the Canada Assistance Plan is one of the most enlightened acts on the statute books of any civilized country. It is better than anything they have in the United States or anything they have in Great Britain?

Mr. Baetz: That is right.

The Chairman: Now, can that not be made an umbrella?

Mr. Baetz: We have to keep in mind that the Canada Assistance Plan is based on need. It is a social assistance program. It is not quite the same thing as a guaranteed annual income.

The Chairman: No, no. Just let me change my question. Assuming that maintenance income was adopted, a reasonable one, couldn't the services be put under the umbrella of the Canada Assistance Plan?

Mr. Baetz: I would think so.

Mr. Wheeler: That is a very valuable suggestion.

Senator Fergusson: Would you repeat that, Mr. Chairman.

The Chairman: What I said was, assuming that the country agreed on a guaranteed annual income, a satisfactory one, then for services couldn't we use the Canada Assistance Plan as an umbrella.

Mr. Baetz: With perhaps one minor proviso: The Canada Assistance Plan would still have to have provisions in it for providing some financial assistance to the residual cases.

Miss Godfrey: You would also have to define what you mean by services. I take it you are talking about what we define in our policy statement as social welfare services, not health and housing and so on?

The Chairman: We will be broader, but in a general way do you see some merit in it?

Mr. Wheeler: Yes.

Senator Carter: I wonder if the Canadian Welfare Council has any figures on what we are looking for, total figure on what is spent on welfare in Canada? We have different figures from different sources, but have you any figures on total yearly welfare costs that come from private agencies apart from government?

Mr. Baetz: We can give you one figure for private agencies. The United Appeals in this country, which are biggest in terms of raising money for social services, together raise \$49 million, say \$50 million a year. If you accept the figure of \$5 billion for total expenditures in the health and welfare field, the United Appeal sector is raising only 1 per cent, so don't let us assume there is a great deal being raised in the private field.

Senator Carter: You mentioned that the Canada Assistance Plan is not operating as it should, and I agree with that. It has not lived up to the expectations we had of it, and some provinces have merely just substituted this for a social welfare program they had previously, and they used the money. There is too much of that. How can we deal with that? I cannot see the Canada Assistance Plan working properly unless the federal government is paying the whole shot and administering it. As long as it is administered by ten different provinces I cannot see how it can operate as envisioned.

Mr. Baetz: I doubt if, constitutionally, this could happen. However, this is just an opinion.

Senator Carter: I don't see it happening; that is one of the things Quebec, for one province, is very jealous of.

The Chairman: Senator Carter, have you given thought to the possibility of the federal government paying 50 per cent and laying down the conditions. We will pay provided you meet these minimum standards. They often do that, don't they? That is not an encroachment.

Senator Carter: I have never seen very satisfactory results from that. We have a lot of these cost-sharing programs, the provinces want to get out of them, the federal government too wants to get out. I do not think you can depend on that. I think the shape of things to come is that cost sharing programs are going to be at a minimum.

Mr. Wheeler: I think we have to recognize this as a built-in problem in the constitution of our country. The main objective should be to develop programs that remove as much as possible from these discretionary payments. I think that is a very potent argument for the guaranteed annual income in that it would be made available through the federal government, would not antagonize the provinces,

would not require individual assessments and could be administered uniformly. But you will still be left with a residual program which requires local administration and individual assessment. I think we can do a lot more to increase the standards, and the main thing is to remove as much as possible from these discretionary programs.

Senator Carter: Where the Canada Assistance Plan has fallen down is in the interpretation of needs. We have one idea of what is meant by that word when it went into the act, and it is this, if a person was getting an old age pension and that was not sufficient or if he had a heavy drug bill then he would get help under the Canada Assistance Plan. But when you get to the provincial field we see they make an assessment, which is what the Canada Assistance Plan was trying to get away from. As long as we have the provinces administering it in that way and putting their own definition on the word "NEED" I cannot see how the plan can properly operate.

Mr. Baetz: The question has been correctly asked by a number of people as to whether in fact to date the Canada Assistance Plan has not helped the provincial treasuries more than it has helped the poor. It is a valid question and I hope you find the answer to it.

The Chairman: The answer is that it has helped the provincial treasuries more than it has helped the poor.

Senator Carter: There is a lot of evidence to support it.

The Chairman: You were advocating the use of the term "poverty band." Hasn't it a connotation in this country connected with the poor that is going to be hard to get away from.

Mr. Baetz: You mean the word "band"?

The Chairman: Band, yes.

Mr. Baetz: Well, range, or whatever.

The Chairman: We talk of the Indian band and immediately we concoct for ourselves poverty.

Mr. Baetz: I see, it is a semantic problem.

The Chairman: It struck me in that way when I heard it. I underlined it doubly to suggest that you be careful in the use of that term.

Senator Roebuck spoke to you about the financial aspects. On page 37 you give an example of a family of man, wife and two dependent children and the head of the family has to pay income tax at \$2,700 although by conservative estimates that family needs \$3,500 as a minimum.

Mr. Baetz: Right.

The Chairman: Did you point out that as one of the ways of coming to the assistance of the near poor, the working poor, was taxation reform.

Mr. Baetz: We may not have been quite strong enough in this but we certainly are proposing that the floor of your income tax be raised above the poverty line. Why tax families who are in poverty?

The Chairman: Well, of course, there is apparently a difference in their definition and our definition.

Mr. Baetz: At least we know it is not \$2,700 for a family of four.

Senator Pearson: That is where the Poverty Committee would come in, to define the point of poverty for income taxing.

The Chairman: This is not a new creation. This has been in existence for a great number of years. How has it been overlooked, it's so obvious?

Mr. Baetz: This is a very good question. Here again we sometimes tend to look for the sensational, the new approach in the way of dealing with poverty and overlook some of the nitty-gritty. We talk about the introduction of a negative income tax system, a brand new tax concept. Well, we haven't done enough yet with our present positive income tax system to help the poor a little bit.

Mr. Wheeler: I think there are competing interests involved here. Treasury officials have a very strong interest for keeping it here.

The Chairman: I have given it a very great deal of thought. Can you estimate what would be the cost if we raised the exemption from what it is now to say \$3,000? What would be the cost to the treasury? Have you figured that out?

Miss Godfrey: This is one of the things that we are getting at in our recommendations about examining taxation in relation to wel-

fare costs. You will note also what Dennis Guest says in his article on family allowances, (which is appendix II of this brief), where he is talking about cutting out the exemption for children and he gives the figure of how much the exemption costs the government. Well, you have got to relate this again to how much family allowance is paid in relation to the exemption. So if you say we lose a given amount of money if we raise the income tax exemption level you will have to ask how much money are we now losing in having to subsidize these people. This is something we certainly have not examined; we are suggesting it must be examined.

The Chairman: Mr. Wheeler, you certainly must have considered the figures sometime.

Mr. Wheeler: I am not able to give an estimate on that.

Mr. Baetz: I am sure the income tax officials could tell you what the revenue is from families in the \$2,700 to \$3,000 tax bracket. I suspect it might be quite substantial because that is on a very broad base.

The Chairman: Yes, it is substantial.

Miss Godfrey: Incidentally, Mr. Chairman, that figure of \$2,600 in the footnote on page 37 should read \$2,700. We forgot to show the \$100 standard exemption for donations, and so on.

Senator Carter: Has the Canadian Welfare Council developed criteria on what a person should have as income to be above the poverty level?

Mr. Baetz: No, we have not done this across the board, but as we mentioned earlier in the meeting today, a hint or clue as to what it costs a family of 4 comes out of Calgary where the provincial government will pay up to \$5,100 for a family of 4 through their family assistance program, based on need. That is a clue, at least.

Miss Godfrey: The Toronto Social Planning Council has done good studies on this. I have not seen their most recent one but I have seen the one prepared a couple of years ago. For a family of 4 they had it all budgeted out, food, clothing, rent, health, etc., and it worked out to somewhere around \$4,800. It is probably well over \$5,000 now.

Senator Pearson: It has been brought out in this meeting already that instead of taking a straight line and saying anything above this is

affluent and below this line is poverty, they are using a broad band now.

Miss Godfrey: Yes, and a variation in budgets.

Senator Pearson: Yes, a variation in budgets.

Mr. Wheeler: This is a major need for a more objective assessment and the development of standard budgets for families of different sizes and in different regions in the country, and I am pleased to know that DBS has put one man on this and I think there will be some development there, but this is something we should press for very strongly.

Senator Carter: That figure you gave us about Calgary, the \$5,100 is not too far out of line with the figures of the Economic Council.

Miss Godfrey: Yes, \$5,200.

The Chairman: Senator Carter, I sent you a copy of that statement. That was a study made in Calgary.

Senator Carter: Yes, I have it.

Miss Godfrey: But it is not a generally accepted figure, it is not accepted by all.

Senator Carter: What I am saying is that all these independent studies more than confirm that the Economic Council figures updated are pretty accurate.

The Chairman: You have already heard Senator Fergusson, Senator Fournier (Mada-waska-Restigouche), Senator Roebuck and others express the view of the committee on how they feel about your presentation to the committee this morning. Insofar as I am concerned I expected a great deal and I was not disappointed. We are going to ask you to be back again after we have had an opportunity to visit around the country. When we get back in the fall you may have some further studies available for us.

We are relying on you to give us a considerable amount of help in the future and we hope with your cooperation so much of value will come out of this. We are very confident it will. Thank you very much.

The committee adjourned.

APPENDIX "N"

Submission to
THE SPECIAL SENATE COMMITTEE
ON POVERTY

by the
Staff of the Canadian Welfare Council
Ottawa, June 19, 1969

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APPENDICES

- I Stephen Peitchinis, "Why Should Anyone in Calgary Need Aid-", *Canadian Welfare*, May-June 1969, p. 6.
- II Dennis Guest, "If We Keep Family Allowances", *Canadian Welfare*, May-June, 1969, pp. 14-15.
- III Reuben Baetz, *The Guaranteed Annual Income—A Personal View*, May 1968.

ANNEX

Social Policies for Canada, Part I, Ottawa, Canadian Welfare Council, 1969.

SUBMISSION TO THE SPECIAL SENATE COMMITTEE ON POVERTY

BY THE
STAFF OF THE CANADIAN
WELFARE COUNCIL

INTRODUCTION

1. The urgent request of the Special Senate Committee on Poverty that the Canadian Welfare Council present at least a preliminary submission at this date posed something of a dilemma. No fresh examination of the topic in detail or consultation with the Council's membership was possible in the time available. Staff therefore selected certain areas for discussion, based mainly on the Council's new statement *Social Policies for Canada, Part I*, a copy of which is annexed for your information. The views in this staff submission have not all been explicitly stated by the Council. But we believe they are implicit in the policy positions to which it has subscribed in recent years.

2. In making our selections, we were governed by the belief that at this stage we could most usefully concentrate on certain philosophic assumptions and broad approaches that we feel must underlie any attack on poverty. Facts and figures, insofar as they are known, are readily available to the Special Senate Committee through such agencies as the Dominion Bureau of Statistics and government departments.

3. This statement thus covers:

- I. Attitudes to Poverty
- II. Social Rights
- III. Definition of Poverty
- IV. Causes of Poverty
- V. Approaches to Combat Poverty

I. ATTITUDES TO POVERTY

4. The basic questions to ask about poverty in Canada today are: Do Canadians really *want* to solve the problem of poverty? Are they prepared to *pay* the necessary cost?

5. Most Canadians would, of course, automatically answer 'yes' to the first question, and would be shocked by the suggestion that this reply might not honestly reflect their real attitudes. A great deal of lip-service has been paid since Canada's 'me too' version of the U.S. war on poverty was launched in 1965

with fanfare in Parliament and a federal-provincial conference. Why then, despite a multiplicity of promises and programs, has there been so little change in the poverty situation? The answer is embedded, partly, in the second question—we 'other' Canadians are not prepared to pay the cost. If we *really* wanted to abolish poverty, we would find the means of paying for it, just as most of us find the means of paying for liquor, tobacco, cosmetics, and a whole range of mechanical aids.

6. There are a number of reasons for our lack of conviction about paying the price of abolishing poverty.

(a) Although there is growing acceptance of the concept that poverty is, in most cases, the consequence of forces beyond the individual's control, the old moralistic approach to the poor dies hard. Many still think of the poor as shiftless, degraded people who could better themselves if they would. Those who have done so, as well as the 'near poor', are especially prone to this attitude: "I pulled myself up by my boot straps, I manage to make out why can't he?" It is still assumed by many that poverty is primarily due to inherent personality defects, that the poor have only themselves to blame, and that therefore it is unfair or immoral for them to be given or receive help, and that poverty is a condition to be despised. There is a desperate effort by many of the poor to avoid asking for help because of the moral condemnation they would undergo in their own eyes, as well as in others, if they did so. Irresponsibility and apparent laziness can be found among the poor as in other groups, but we know too little as yet of the relationship between environmental and personal factors in causing poverty to make firm judgments about which is the cause and which the effect. In the Canadian Welfare Council's case studies of nearly 300 rural families¹ and over 200 urban families,² all identified as poor, the incidence of so-called 'shiftlessness' was practically nil. Nor, despite often appalling conditions, are these people 'degraded', "they are open to the possibility of change, but they are pervaded by the sense of the inadequacy of their own resources to meet the demands of a changing world."³ These studies confirmed the assumption

¹ *Rural Need in Canada, 1965*, Ottawa, The Canadian Welfare Council.

² *Urban Need in Canada, 1965*, Ottawa, The Canadian Welfare Council.

³ *Rural Need in Canada, 1965*, op cit, Section I, Overview, p.v. Also p. 25, "These people seem not misdirected but undirected, cut-off and unaided."

tions of psychologists that, under normal circumstances, most people prefer to work.⁴

(b) Many people continue to adhere to the nineteenth century doctrine which saw three pillars of social and economic progress—political democracy, high productivity, and universal education—as ultimately eradicating poverty. In fact:

(i) political democracy may only replace domination of the poor by a wealthy oligarchy with the tyranny of the majority over the poor. In advanced industrialized countries the poor are numerically in the minority—in Canada they amount to between 20 and 30 per cent of the population.

Until recently, the poor have been a voiceless minority, unorganized for political power. Only when a problem begins to impinge on the far more vocal and politically aware middle class is real attention usually paid to it by the politicians. Housing provides a good example. Poor housing has always been a factor in poverty, but only became a 'crisis' when it began to affect others. Government measures to deal with it (including the Hellyer Task Force proposals) have been directed far more to the better-off than to the poor. This is not to blame the politicians *per se*; they would not be in power long if they did not listen to the complaints of the vocal majority. It is the attitudes of the majority that must be changed if the democratic principle of protecting minorities is to be maintained.

(ii) High productivity in itself will not eradicate poverty because the results of productivity are not spread evenly—like honey on a piece of bread—across the entire population. The fruits of productivity go to those with the scarcest skills and strongest bargaining positions in the labour force, to those in expanding industries and prosperous regions, and to those who have invested in these industries.

High productivity is of course essential but is of little if any direct benefit to those on low fixed incomes, e.g., many of the aged.⁵

(iii) Finally, the opportunities provided by universal education help those most who are best endowed to take full advantage of them. Middle-class children have an automatic head start over deprived youngsters in the school system. Obviously, then, more is required than political democracy, high productivity and universal education if we are to successfully battle poverty.

(c) The fact that at least one in five of the population lives in or near poverty in Canada's affluent society is appalling.⁶ Yet the poor are not visible to the ordinary 'other' citizen. We are aware of in a general way and politically sensitive to regional inequalities since this was, historically, a prime reason for Confederation. And these showed up strongly during the Depression. But we do not have great, clearly identified concentrations of poverty as a social pathology, such as the black ghettos of U.S. cities or the poor areas of the Appalachians. Our Indians, Métis and Eskimos, until recently, have generally been sheltered where they could cause little comment or mental discomfort to others.

7. For all these reasons, it is not hard to understand the lack of conviction of better-off people about specific major programs to combat poverty which seem to them to involve unnecessary expense. This results in a tendency to make policy decisions more on the basis of immediate visible costs than on balancing long-term benefits against them, and in attempts to make it appear that we are doing more while paying less. It is interesting, for example, that in the current discussion on possible changes in family allowances, a leading newspaper has commented editorially not so much on the principles of the program and its actual benefits to the poor as on the fear that any change, "could merely be a cunning way of introducing still another tax increase." The point is well taken; our

⁴ Erich Fromm, "The Psychological Aspects of the Guaranteed Income", in *The Guaranteed Income: Next Steps in Socio-Economic Evolution?*, ed. Robert Theobald, Garden City, N.Y., Anchor Books, Doubleday & Co. Inc., 1967. "It is a fact that man, by nature, is not lazy, but on the contrary, suffers from the results of inactivity. People might prefer not to work for one or two months, but the vast majority would beg to work, even if they were not paid for it. The fields of child development and mental illness offer abundant data in this connection."

⁵ For a striking illustration of how the aged were left out of the benefits of the very high productivity increase of 1968, see paragraph 28.

⁶ This figure is based on non-farm families and individuals. It is estimated that if farm families and individuals were added, the low-income group would be nearly 30 per cent of the population.

⁷ *Globe and Mail*, May 15, 1969.

resources are not unlimited. But the redistribution of income that is such a necessary part of the fight against poverty will not lower the standard of living of the better-off in the affluent society; that standard will, as Barbara Ward has pointed out in relation to rich and poor nations, continue to improve though likely at a somewhat slower rate. A real desire to abolish poverty involves acceptance of this possible slow-down, surely not a major sacrifice to make. It also involves the development and implementation, by stages if need be, of programs realistically related to existing needs as well as to resources, both national and regional, short- and long-term.

8. It therefore seems to us that the first major step in a continuing attack on poverty is to change the attitudes of Canadians towards it. We know a great deal already about poverty and what to do about it. But until lip-service changes to real conviction and action, the knowledge and excellent programs which we already have will not be fully implemented. Nor will we be diligent in searching for additional information and facts, and in developing and carrying out the best possible integrated attack on poverty.

9. We believe the Special Senate Committee on Poverty can make a major contribution to public understanding of this situation discussion, and the educational and interpretational value its report will have. This in fact may well prove to be its main accomplishment, rather than the production of any really new insights or empirical evidence on causes and cure of poverty. Above all, we hope that the Committee will not lead itself or the public into the trap of thinking it will finally discover the great panacea for the eradication of poverty at little or no expense. This objective is as alluring and illusory as the quest for the Fountain of Youth or the alchemists' search for a way to turn lead into gold.

II. SOCIAL RIGHTS

10. Basic to changed Canadian attitudes toward poverty is, we believe, acceptance of the concept of *social rights*. These are summarized in article 22 and Article 25, part (1), of the 1948 United Nations *Universal Declaration of Human Rights*.

Article 22—Everyone, as a member of society, has the right to social security, and is entitled to realization, through

national effort and international co-operation, and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

Article 25—Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, or other lack of livelihood in circumstances beyond his control.

11. The Canadian Welfare Council declared these social rights to be the philosophic foundation of its statement *Social Policies for Canada*. Civil and political rights,⁸ which are embodied in legislation in most democratic countries, cannot alone protect us from the impact of rapid social and economic change. Social rights are necessary to guarantee to the individual the freedom and opportunity to carry responsibility, so far as he is able, for meeting his own needs and aspirations. They also affirm that the achievement of human well-being, especially under today's conditions, is as much a social as an individual responsibility, and imply acceptance of the concept of 'community', which mean recognition of the interdependence of all people within society.

12. Canada's lack of a formal constitution and its particular form of federalism have undoubtedly been barriers to the development of a real conviction about the concept of human rights and the need for measures to safeguard them. Indeed, the proposal for a Canadian Bill of Rights specifically excludes economic and social rights⁹ from consideration at this time. And although Canada has endorsed the Universal Declaration of Human Rights, she cannot adhere to the United Nations document that would implement it, namely, *The International Covenant on Economic, Social and Cultural Rights*, 1966, until all provinces agree to such action; to date no

⁸ These include freedom of expression, conscience and religion; general security of life, liberty and property; and equality before the law.

⁹ Honourable Pierre Elliott Trudeau, Minister of Justice, *A Canadian Charter of Human Rights*, Ottawa, Queen's Printer, 1968.

province has expressed an opinion on this question. The Canadian Welfare Councils' official position is that, "measures to implement these rights are required through both governmental and nongovernmental action," and that, "Canada needs constitutional bills of rights at the federal and provincial levels..."¹⁰

13. Acceptance of social rights means that social policy must be concerned with everyone in the society, "the according in all circumstances of equal dignity to all individuals irrespective of the social and economic class to which they belong."¹¹ A belief in social rights will profoundly affect our general approach to and specific methods of dealing with poverty, with the most vulnerable groups in our society who suffer to the greatest degree from lack of community and of the other requirements needed to reach the social goals described in the Universal Declaration. It will mean assistance 'as a matter of right', not as a doubtful privilege often grudgingly conceded.

III. DEFINITION OF POVERTY

14. A working definition of poverty used in a Council study was, "poverty consists of relative deprivation of major physical and social needs and of the person's sense of perception of deprivation."¹² Poverty obviously cannot be defined as an *absolute*.

15. In measuring poverty there is a strong element of relativity: for example, of comparing an individual's income with others in the same society. Hence, unless there is some progress toward greater equity in the distribution of incomes within the Canadian population, poverty will always continue for some. But continuing poverty in rich urban and industrialized countries also means exclusion from the expanding benefits, opportunities, and self-respect of the majority. Physical hardship is poverty's most apparent characteristic, but there are many others. A person is poverty stricken when he is full of a deep sense of inequality, and feels chronic exclusion and alienation from the wider society in

which he lives. This is not because the poor do not accept the customary values of the society, but on the contrary because they do accept them, particularly the luxury standards constantly hammered home through mass media and in more subtle ways. In the light of these values, they find themselves and their lives wanting.

16. Income level is, of course, the most obvious criterion for identifying poverty or substandard levels of living. However, income by itself, unrelated to family needs and circumstances is meaningless. To measure 'poverty income', it has been accepted generally that it is necessary to develop minimum budget requirements for families with differing characteristics.

17. Immediately, of course, a number of subjective judgments present themselves. For example: What should be included in the family budget—bare 'subsistence' items (enough to keep body if not soul together) now generally accepted as the 'minimum', or sufficient means to provide a modest but adequate 'standard of living' which many consider more appropriate to our affluent society? What influence should the prevailing level of income (as well as costs) in an area have, e.g., if wages are below what is necessary to produce an adequate or even subsistence income should the budget criteria for families be reduced accordingly?

18. A number of attempts have been made in recent years, both in Canada and the U.S., to set up 'poverty lines', and the Special Senate Committee is no doubt thoroughly familiar with them. But we require far more knowledge than we now have of what is an 'adequate standard of living' for people in varying circumstances. Only when we have such knowledge can we really begin to define 'income poverty' in practical terms, and identify those who fall below standards that are accepted 'as a matter of right' to meet their needs.

19. The Council has officially recommended that, "Adequate standards of living for individuals and families should be defined and established and should be reviewed and adjusted periodically as required."¹³

If, as we believe, people should have as a right an adequate standard of physical and social well-being, the required standards

¹⁰ *Social Policies for Canada, Part I*, Ottawa, Canadian Welfare Council, 1969. See p. 19.

¹¹ Pierre Laroque, *ibid.* See text and footnote, p. 2.

¹² *Urban Need in Canada, 1965*, Section I, Overview, *op cit*, pp. 8-9.

¹³ *Social Policies for Canada, op cit*, Recommendations 3 and 5, p. 29 and pp. 30-31.

must be defined. The Economic Council supports this view when it states, "in terms of income, such standards" would likely differ appreciably, between urban and rural areas, and even between cities, reflecting differences in costs and other circumstances affecting family budgets. The establishment of such standards would be a difficult and controversial enterprise, but, we believe, essential".¹⁵

20. This discussion indicates not only the difficulty but the undesirability of trying to draw a sharp line between the 'poor' and the 'non-poor' across the country—regionally, within provinces, or in local areas. There is a tendency for many people to define the poor as those living on social assistance or requiring the Guaranteed Income Supplement for the aged. Yet studies by the Canadian Welfare Council¹⁶ have shown that there are many people living in what is generally accepted as poverty who do not receive financial aid under either of the above categories. These are usually people on intermittent or low wages, or the victims of a personal or family crisis who are not eligible, or who refuse, for reasons of pride, to apply for such assistance. Moreover, people are constantly moving in and out of 'official poverty' as their circumstances change. Finally, income, as we have seen, is only one measure of the kind of relative poverty existing in Canada today.

21. We believe that, rather than a *poverty line* we should consider a *poverty band*, within which there can be a constantly shifting population. Our measures, particularly if they are to be preventive, must be directed to the potential as well as to the actual poverty group. Certainly low income is a major criterion in identifying the 'poverty band', and the fact that the number of Canadians in the low-income category now amounts to 4 to 6 million people (one-third are children) provides an indication of the potential size of the problem. It is estimated that approximately two

million of the total are receiving social assistance.¹⁷ How many of the remaining millions are actually in poverty and should receive help can only be arrived at through far more knowledge of facts and needs than we now have.

IV. CAUSES OF POVERTY

22. The poor are a heterogeneous group. They may be old or young, sick or well, employed (at low earnings) or unemployed, well or poorly educated, ambitious or suffering from inertia. However, groups with certain characteristics appear, as available studies show, to be the most vulnerable to poverty.

23. It has been found that the largest of these groups is composed of families with one parent (almost invariably female) with dependent children.¹⁸ In the second group are those suffering from illness or incapacity.¹⁹ Then come, in order of size, the aged unemployed, those with inadequate income,²⁰ and employable people temporarily out of work.²¹

¹⁷ As of March 1968, the Department of National Health and Welfare estimated that about 1½ million were receiving benefits under the Canada Assistance Plan. In addition, over 31,000 were still receiving categorical benefits (old age assistance, blind and disabled persons allowances). In July 1968 there were 736,000 (53 per cent of the 1,376,000 old age security recipients) receiving the Guaranteed Income Supplement.

¹⁸ The Council's recent study on the housing conditions of public welfare families shows that 48.3 per cent of the families surveyed had only one parent as compared with less than 9 per cent in this category for the population as a whole. *The Housing Conditions of Public Assistance Recipients*, Ottawa, Canadian Conference on Housing, Canadian Welfare Council, 1968.

¹⁹ The importance of health as a major factor in poverty is confirmed by the Canadian Welfare Council's urban and rural need studies.

²⁰ For the first time, the federal government has (in the Canada Assistance Plan) provided for the inclusion of fully employed people in the cost-sharing program for 'persons in need'. Some provinces have implemented this (e.g., Alberta and the Atlantic Provinces), but others have not (e.g., Ontario, which specifically excludes 'regularly employed' persons).

²¹ A recent study gives the following respective percentages for all the above groups in the 'population' surveyed: 38.6, 33.0, 12.0, 10.3, and 5.4. See Appendix I, Stephen Peitchinis, "Why Should Anyone in Calgary Need Aid?", *Canadian Welfare*, May-June 1969, p. 6. While this was a study of social assistance recipients, DBS national statistics confirm the general situation with regard to the total 'poverty band'.

¹⁵ Described as, "acceptable minimum standards of living for families and individuals in Canada."

¹⁶ *Fifth Annual Review*, Ottawa, Economic Council of Canada, 1968, p. 137. This was endorsed by the Prime Minister in the 1968 Throne Speech Debate. He stressed the need for defining, "the essential components of a minimum standard for satisfactory living—not a subsistence standard but one that allows for dignity and decency." Debates of the House of Commons, p. 68, September 25, 1968.

¹⁸ *Rural Need in Canada, 1965; Urban Need in Canada, 1965*, op cit.

24. Membership in a minority group subject to discrimination, special conditions of living, and perhaps further handicapped by speaking a minority language also establishes the conditions in which poverty flourishes. Such people (e.g., Indians, Métis, Eskimos and Negroes) are hindered from taking advantage of even the most favourable opportunities, and are affected more severely than others by basic causes of poverty.

25. To seek solutions to poverty, it is essential to identify clearly its various causes.²² Indeed, in advanced economies, poverty can best be described with an eye to these. Obviously they are not mutually exclusive; causes overlap and re-enforce one another. Nevertheless, certain ones can be identified as follows:

1. Life-cycle poverty.
2. Depressed area poverty.
3. Crisis poverty.
4. Poverty due to long-term dependency.
5. Inner city poverty.
6. A culture of poverty.

Life-cycle poverty

26. In the modern labour market people generally are paid according to the job they do, and only a minority of the total population is earning at any one time. Currently almost half our population is under 25 years of age; over 8 million of the total population are under 19. At the other end of the age range are close to 1½ million over 65. Large proportions of both these groups, of course, are not gainfully employed. To prepare properly for the technological labour market, longer periods of training are required before entering the labour force. At the other end of the life cycle, mandatory retirement and greater longevity are increasing the number of people in the retired ranks. Life-cycle poverty is therefore likely to press in on people during predictable periods in their lives: in childhood, later when they have children of their own to support, and again in old age.

27. In order to protect ourselves against life-cycle poverty we need to devise adequate income maintenance measures such as old age security programs and family allocances. We now have not one but at least four public programs designed to protect the aged against

life-cycle poverty: the wage-related Canada Pension Plan, the flat rate old age security program, the negative income tax approach called the Guaranteed Income Supplement, and the programs operating under the needstest Canada Assistance Plan. In spite of all these pieces of legislation our aged population stands in constant danger of sliding into poverty. The paradox of it all is that this danger is greatest, not when times are at their worst but at their best—when the standard of living of those in the labour force is rising most rapidly. What happened in 1968 proves this point.

28. During 1968 wages and incomes went up by 8.8 per cent. Rising costs of around 4 per cent eroded about half the increase in wages and incomes, but one can talk in terms of an increase in the standard of living by over 4 per cent for those who were employed. At the same time those aged who depend on their almost fixed old age security income had a decline in their purchasing power of 2 per cent. This is because the increase in old age security benefits is limited to only 2 per cent, whereas as indicated, the consumer price index went up over 4 per cent. The net result was that the gap in the standard of living between the aged depending on the old age security and the guaranteed income supplement and the average person in the labour force grew during this good year by over 6 per cent.

29. If social rights are to be meaningful, the standard of living for the aged should not decline when that of others is rising. One method of retarding the decline in the older person's standard of living is to relate adjustments in the old age security benefits to the consumer price index. But this alone will not guarantee that their standard of living keeps up with the rest of the nation; it will only protect them against a constantly decreasing standard. Other measures are necessary to keep the aged in an equitable position relative to those in the labour force.²³

30. How do we protect the young—the other vulnerable group—against life-cycle poverty? We are living in a society which accepts the principle that labour is paid largely on the basis of 'deed not need'—on skills and production, not family requirements. We can and should, of course, fight to

²² It is important not to confuse characteristics with causes. For example, low education may make a person more liable to unemployment but the basic cause of the unemployment may be a drop in the country's or the area's economy.

²³ For a four-pronged approach to improve our old age security system, see *Social Policies for Canada*, op cit, Recommendation 6, pp. 34-35.

increase minimum wage levels. Sick industries weaken our economy. In the long run society gains when they go out of business. But even a substantial adjustment upwards in minimum wage levels would not be adequate to meet family income needs in larger families where the breadwinner has substantial non-discretionary child rearing expenses. The problem is further aggravated if the breadwinner is unskilled or semi-skilled, and cannot demand a high rate of pay.

31. The family allowance program has been Canada's answer to this problem. Although the allowances were introduced in 1945 primarily as a fiscal measure to promote consumer spending in a possible post-war depression, they serve a social purpose in that they help overcome the large percentage of poverty due to the lack of relationship of income to family size. Unfortunately, this system has been allowed to decay. A rise in prices of over 60 per cent since they were introduced has virtually destroyed the purchasing power of family allowances. What is required now as a major defence against the inroads of life-cycle poverty for families with young members is a substantial increase in federal family and youth allowances.²⁴ For families headed by a single parent, the rates could well be set much higher than for other families.

32. There will be those who would object violently to such a proposal on the basis that this is a universal allowance, and as such is too expensive; and that it now does not adequately help those in greatest need. These two criticisms can readily be overcome if the increases in the allowances are accompanied by two changes in the income tax regulations:

- (i) These allowances should be regarded as income and taxed accordingly, which is not the present practice, and
- (ii) The present exemptions of \$300 in the personal income tax for each dependent child should be reduced as family allowances are increased.

33. If the allowances are taxed, the very poor who pay little or no income tax, could retain all or most of their increased allowances. On the other hand, the well-to-do

could be required to continue to repay 100 per cent of the increased allowances.²⁵ Through such a system, those in greatest need *really* would receive the most help. Moreover, many poor families could be helped without being forced to use social assistance. There are many thousands of families with dependent children who, through determination and pride, have managed to stay off social assistance rolls, although their income places them within the 'poverty band'. It is probably a matter of daily irony to them, and should be a point of national concern, that many of these families are living below any standard of even minimum need, and in many instances are living on a lower family income than their neighbour who is on social assistance and, who, theoretically at least, is being financially assisted in line with his need; in addition, he receives health care and may receive other social services as required such as day care and homemaker services.²⁶

Depressed Area Poverty

34. Economic development comes about through the expansion of some industries and trades and the contraction of others. At any point in time some regions depend more heavily than others on declining forms of production. Depressed area poverty is rife in the coal mining areas of Nova Scotia, the fishing industry in parts of Newfoundland, and former lumbering regions of Eastern Ontario and Quebec. A huge country like Canada, in which large regions have a thinly-scattered population, is particularly exposed to depressed area poverty. Secondary industries which might absorb the drift of labour from declining industries simply do not exist

²⁵ Under our present tax system, when a child is eligible for family allowance the income tax exemption is \$300. When the child is dependent but not eligible for the allowance the exemption is \$550. The differential of \$250 in the exemption was presumably to recognize in the tax structure the fact that the person receiving the allowance does not pay a tax on it. Instead, he pays tax on the \$250 at his marginal tax rate. The highest family allowance rate is \$8 per month or \$96 a year. A tax-payer in the group having a taxable income requiring him to pay 40 per cent on the portion between \$12,000 and \$15,000 and receiving an \$8 monthly allowance will repay 40 per cent of this \$250, or \$100, if his taxable income is \$12,250 or more.

²⁶ For more detailed discussion of family allowances, see *Social Policies for Canada*, op cit, Recommendation 4, pp. 31-33, and Appendix II, Dennis Guest, "If We Keep Family Allowances", *Canadian Welfare*, May-June 1969, pp. 14-15.

²⁴ The problem of school drop-outs, a major factor in liability to poverty, would be diminished by an expansion of our youth allowances program to include student allowances graded upward according to educational attainment.

in these areas. If to the handicaps imposed by isolation are added the handicaps of poorly educated workers, or minority groups speaking minority languages such as the Indians and the Eskimos, then their poverty will be even more severe.

35. Our record to date in attacking depressed area poverty is not very impressive, our measures have lacked conviction and force. There are numerous factors contributing to this sorry state: lack of organization and planning as well as lack of money, departmental programs working at cross-purposes, plus the usual federal-provincial jurisdictional rivalries and battles.

36. Nevertheless, depressed area poverty can best be attacked through broad federal and provincial programs and agencies such as the Atlantic Development Council, the Agricultural Rehabilitation Development Act administration (ARDA), the Fund for Rural and Economic Development (FRED), and through community development programs involving the people themselves. It is our hope that the Department of Regional Economic Expansion and the announced plans for its work will ensure more co-ordinated and effective action in future and that human rights take precedence over federal, provincial or bureaucratic rights.

37. Broad programs of regional development alone, however, are not enough to cope with depressed area poverty. As we have seen, a booming economy does not of itself do away with poverty. Depressed areas also require a full measure of social security²⁷ and social services programs.

Crisis Poverty

38. Some people suffer from sharp but temporary setbacks through the unemployment, illness, injury, desertion or death of the breadwinner. Programs such as unemployment insurance, workmen's compensation and cash sickness benefits, can serve as major bulwarks against *crisis poverty*. But these social insurance programs must be adequate to really cover contingencies when they arise. This is not the case now, and people hit by crises are vulnerable to poverty. Therefore, unemployment coverage and workmen's compensation should be improved by increasing

the rate of benefits provided, and by covering all members of the labour force.²⁸

39. We have a very long way to go in developing cash sickness benefit programs in this country. These programs should either be under public auspices, or legislation should be introduced which would require employers to provide such benefits under private auspices. We are fortunately progressing well in protecting our population against the high costs of medical and hospital services. But even here we cannot take too much for granted. Provincial medicare programs, as envisaged and assisted by the federal Medical Care Act, 1966, still remain to be fully implemented. And medical and hospital services do not replace the income lost when the breadwinner is off work due to illness not related to work and therefore not eligible for unemployment insurance or workmen's compensation. Those families with low incomes, who live from hand-to-mouth, are especially vulnerable to crisis poverty caused by the illness of the breadwinner. Therefore, if we really wish to protect them—and indeed most families—we must introduce more cash sickness benefits programs whether under public or private auspices.

40. Along with cash sickness benefits programs, cash maternity benefits for the working mother should be established. We are all familiar with the tremendous influx of married women into the labour market. As recently as 1962 married women accounted for only 15.8 per cent of the labour force, but by 1980 this percentage is expected to rise to 35 per cent. Clearly more and more women are going to work throughout their married lives, and clearly the mother's income will form an essential part of the family budget, particularly among the lower income groups. Protection of the mother's income during work absence related to childbirth should therefore be a part of our defence against crisis poverty.²⁹

41. Another all too familiar form of crisis poverty is due to the loss of the breadwinner. We have gone some way in protection against this through programs such as workmen's compensation and the Canada and Quebec Pension Plans. But we still require a program or programs for the protection of people who

²⁸ *Social Policies for Canada, op cit*, Recommendation 8, p. 36.

²⁹ *Social Policies for Canada, op cit*, Recommendation 7, pp. 35-36.

²⁷ Used in this submission in the limited sense of income security.

need them but who are not eligible for such benefits.³⁰

Poverty Due to Long-term Dependency

42. Many people are permanently handicapped physically or mentally. Among them is a large percentage who are handicapped from birth, and will never be able to earn a living, or who have acquired physical, mental or emotional defects later in life. For example, in Canada there are some 600,000 people classified as mentally retarded. Modern medicine and technology do of course help some people to escape from long-term dependencies of this sort, but they also preserve the lives of many who would previously have died. Such people, unless their disability was work-related, must largely depend at present on social assistance measures such as those provided by the provinces and municipalities through the Canada Assistance Plan.

43. We need to improve our measures of protection whether through social assistance or other means. In particular we need a program of benefits for permanently disabled persons not covered under present schemes.³¹

Inner-city Poverty

44. There tends to be some segregation of richer and poorer households in every town or city. In Canada, as in many of the developed countries, the most adverse impact of urbanization has been concentrated in the centre of the cities, and the National Housing Act, with its almost total reliance on assisted home ownership of single family dwellings, has encouraged the flight to the suburbs with consequent neglect of the inner city. From World War II until last year, over 80 per cent of federal funds for housing had gone to medium and higher income families. With this financial help many middle class families moved from the old parts of the city to new housing in the suburbs. Much of the housing in the centre of the cities was left to families with lower incomes, both those who remained and those who moved in from rural areas and from other urban centres. To increase the number of housing units, both houses and apartments were frequently subdivided, resulting in overcrowding; maintenance was often deferred in order to increase the financial yield to the absentee landlord.

45. The concentration of poor people in the inner city imposes an accumulation of mutually re-enforcing social handicaps upon all who live in these neighbourhoods. They compete for the same poorly paid jobs, they use the same relatively low quality schools and services, they pay inflated prices for poor quality foods, and their low status address follows them and restricts their opportunities wherever they go. In extreme cases the struggle for living space and opportunities, plus the continued flight to better neighbourhoods of those who 'make the grade' can produce a breakdown of morale, of public order and of civilized relationships. Combatting inner-city poverty requires a whole range of social and economic measures.

A Culture of Poverty

46. This form of poverty is initially a result of other causes but then itself becomes a cause. In certain situations poverty is not only a manifestation or a symptom of social dysfunction, but in turn it creates new generations of the poor. In such situations people, and their children after them, are deprived of even the will and the aspiration to move up to a better life. It is perhaps the most difficult and stubborn type of poverty to cure for a number of reasons, including the important one that he who tries to help those in this kind of poverty can easily become frustrated and cynical by lack of progress. It is very easy to write them off as 'bums'.

47. Pockets of 'culture poverty' can be found not only in the depressed sectors of our cities, where many pockets of ethnic minorities exist, but also in rural areas. It is the shame of the white man that so many of our native people, the Indians and the Eskimos, live in cultures of poverty. Over the centuries we managed, partially unwittingly but generally through greed, to destroy their culture which at one time produced a proud, self-reliant people. It must be a matter of first priority that working co-operatively with the Indians and Eskimos, we dispel the culture of poverty in which so many of them are mired. Unless and until we have done that, we cannot claim to have achieved a 'Just Society'.

48. To deal with culture poverty anywhere requires a massive and multi-sided effort. It will need not only better and more co-ordinated social welfare services,³² provin-

³⁰ *Ibid.*, Recommendation 5, pp. 33-34.

³¹ *Ibid.*

³² Such as child protection, family counselling, day care and homemakers.

cially planned and strategically placed and operated, but it will also require much greater efforts by other social services, particularly the elementary and secondary school systems. For example, we may very well have arrived at the time when our school systems should assume responsibility for day care centres, and through these centres begin to work with socially disadvantaged youngsters at an early age. Unless many of these youngsters are helped before they reach kindergarten, they have two strikes against them on the day of entrance. Our school systems are doing an increasingly better job with our gifted and brilliant youngsters, but the time has come when educators must devote much more time to our mentally, emotionally and socially disadvantaged youngsters if we are to make any inroads on poverty spawned by a culture of poverty.

49. It is heartrending to realize that inadequate education is a major burden carried by the poor. Indeed, it is almost universally recognized as a liability by the poor themselves who want better education for their children, and have high, but usually pathetically unrealistic expectations for them. A council study³³ has confirmed that a low educational level makes people more prone to poverty and has demonstrated that when poverty involves the receipt of social assistance the capacity of children to benefit from education is lower. It was found in the study that children of comparatively longterm social assistance families performed less well (both in school and in employment) and left school earlier than those in the control group, who came from families with much the same socio-economic backgrounds but whose parents were not on social assistance.³⁴

50. This categorization of poverty, with an eye to causes, is admittedly an abstract con-

cept. In real life different types of poverty and their causes intermingle, sometimes inextricably. For example, people who live in depressed areas are more vulnerable to crisis poverty, and in such instances, without intervention, short-term crisis poverty is more likely to develop into longterm dependency. The abstraction should, nevertheless, help to distinguish the different problems which call for different interventions as we develop overall social policies and objectives. Above all, this abstraction, it is hoped, will indicate that all our systems—such as education, economic security, public organization and administration, social welfare services, health care, housing, and community planning must be deployed comprehensively to deal with the causes of poverty as well as its symptoms.

V. APPROACHES TO COMBAT POVERTY

The Approach to Policies and Programs

51. Measures to combat poverty should have three main goals: 1. To prevent or remove the causes. 2. To supply the poor with the help and motivation that will establish them as fully functioning members of society. 3. To maintain at an adequate standard of living those for whom the other measures are not feasible or perhaps even desirable.

52. We have already identified certain groups that are the most vulnerable to poverty and undoubtedly require special measures and priority treatment.³⁵ But if we accept the concept of social rights and the idea of *equity*, we must provide an adequate standard of *universally available* help as a matter of right.

53. The Council has therefore stated the following criteria for specific social policies and programs for individuals and families:

"They must include provisions to meet universal needs on an acceptable minimum basis of equality for all Canadians. The various areas and regions can build on this as their special requirements and circumstances dictate.

"There must be universal access to additional resources for special needs.

"There must be no stigma involved for people using any of the resources provided."³⁶

54. In applying these criteria it is clear that if universal needs could be met on an accept-

³³ *School Performance of Children on Public Assistance*, Canadian Welfare Council, 1966.

³⁴ The importance of education is underlined by the following: "It has been found that the average real income per person in the labour force in 1961 was roughly 25 per cent higher than it would have been had average educational attainment remained at the 1911 level. Comparable calculations for the United States suggest that increased educational attainment was an even more important factor than in Canada, accounting for a 40 per cent increase in economic growth." *Social Policies for Canada*, *op cit*, p. 9. It is interesting to note that 'human capital' has been defined as "the amount of education embodied in the population or the labour force". See Jenny R. Podoluk, *Incomes of Canadians, 1961 Census Monograph*, Dominion Bureau of Statistics, Queen's Printer, 1968.

³⁵ See paragraph 23, p. 15 above.

³⁶ *Social Policies for Canada*, *op cit*, p. 4.

able minimum basis involving no stigma, we should at least greatly reduce the problem of identifying the poor and having to assess their needs through the costly and denigrating case-by-case method. The most obvious way of attaining such an end is through the so-called universal programs where the standard of eligibility is one that can be simply and objectively applied to a given group, or indeed to all people, e.g., through the income tax machinery for a social security 'floor'.³⁷

55. Moreover, such programs can have a far greater value in preventing poverty than have many of today's so-called "anti-poverty" programs which only come into play when people are already 'in poverty'. For examples, social assistance is only used when poverty has been 'officially' recognized as being present; for many people health services are only available when they are on social assistance, although lack of health care may be the chief factor in their becoming poor. The Canada Assistance Plan does specifically recognize prevention in providing for help to people who might be in need (e.g., the medically indigent) if they did not get such help. But implementation of this provision rests with the provinces and municipalities, and far too little has been accomplished so far.

56. Once the principle of community is established, means can surely be found to ensure that the benefits of universal programs go to those who need them most, but without attaching the stigma of being 'the poor'. If one of the characteristics of poverty is the feeling of alienation from the rest of the community then 'selection' programs which by definition set the poor out and apart from the rest of the community can unwittingly perpetuate poverty. Universal programs raise objections because they can include a large number of people who are demonstrably *not* poor. The term 'selectivity' is being much bandied about these days, usually as a euphemism for a means or needs test to select people into a universal program, and thus reduce its cost. We suggest that it is better to save costs by 'selecting people out' of such programs when it is not only desirable and feasible but *just* to do so.³⁸

³⁷ Age is the criterion in our present universal programs for the two population groups of children and the aged.

³⁸ See paragraph 33, p. 20 above, and paragraphs 74-78, pp. 38-39 below.

The Social Services

57. In our illustrations of anti-poverty measures we have dealt, so far in this submission, mainly with social security (income) programs. However, social security and social services are complementary. Sufficient income for an adequate standard of living is not enough, in itself, to ensure well-being. An appropriate range of social services is also necessary, both to prevent problems arising and to help solve them where they exist. A high, sustained level of investment in social programs and services—education, housing, health, social welfare services, recreation is as inescapable for a healthy society as is spending on police and fire protection, control of air and water pollution, noise abatement, garbage disposal, and roads.

58. Better-than-adequate and accessible social services must be developed to effectively battle poverty. The legacy of past achievements in social welfare has frequently meant, at most, uniform standards on a minimal basis and, theoretically, equality of access for all people. These conditions are often not sufficient to help the more deprived groups, including most Indians and Eskimos. The poor require above-average services and especially conducive arrangements for taking advantage of them if they are to break the fetters of deprivation. We must ensure that the poor also have the knowledge, the means, and the encouragement to take advantage of them.

59. Increased collaboration and integration among the board fields of the social services (e.g., health, social welfare, education, manpower services and housing) is essential, not only in planning and organization but in the delivery of services.

60. The development of integrated and co-ordinated methods of delivering services at the community or neighbourhood level can be one of the most important preventive measures in overcoming poverty. Under the heading of 'community development', the Canada Assistance Plan authorizes federal cost-sharing in such projects (when approved by a province)³⁹ for people "who might become persons in need" if they did not receive these services. Such programs can include the co-operative establishment and administration (involving the people themselves) in, for example, a public housing project, services

³⁹ For example, under the Alberta Preventive Social Service Act.

such as health clinics and day nurseries, family counselling and recreational facilities. Far more needs to be done in this direction than has so far been achieved.

61. Finally, the method of financing, making known and delivering social services should be such that it does not ration or limit demand from people who need them.

62. Detailed discussion of particular programs in the social services cannot be attempted within the framework of this submission. We commend to the Committee's attention Section V (Social Services) of *Social Policies for Canada*,⁴⁰ which deals with health services, family planning, social welfare services and housing. Briefly summarized the following is the Council's position on them:

(a) *Health Services*—These are a universal need. Only by making them available on an equal basis to all can we be assured that their provision will not involve rationing on the basis of ability to pay, which would prevent their being truly effective in combatting poverty.

(b) *Housing*—The need for housing is universal. Adequate housing is a social right of all Canadians. Expanded public action is necessary to ensure that insufficient income is not a barrier to the enjoyment of this right, and that housing conditions can thus become a *positive* rather than a *negative* force in the war against poverty.

(c) *Other Social Services*—Family planning and social welfare services are not universally needed. However, they should be universally available. Hence the Council recommends expansion and extension of our basic network of such services, without direct payment by the recipients when the services are necessary to prevent or alleviate poverty.

Access, Information and Participation

63. Implicit in the success of anti-poverty programs is *access* to services and programs by the people who need them. This in turn means provision of benefits and services in sufficient quantity, in the right place, and in the right way (recognizing human dignity and

well-being.⁴¹ It means wide dissemination of public knowledge about the programs and services that exist, and the right of appeal from administrative actions to an impartial tribunal.

64. Too often at present, benefits and services are rationed by scarcity (e.g., a municipality can reduce its grant for day nurseries)⁴² or by default ("don't publicize the program, we have more clients than we can handle already"). Stringent locally established eligibility regulations cut off from help many people who clearly *could* be assisted under the provisions and intent of legislation by higher level(s) of government.

65. The Canada Assistance Plan provides an excellent illustration of these points. It contains no requirements with regard to *standards* of either financial assistance or other services nor with regard to informing the public of their rights and benefits under the Act and its provincial counterparts. Establishment of impartial appeal boards within two years is, however, a condition of federal cost-sharing under the Act, but we shall need to be vigilant to ensure that the boards do operate effectively on behalf of those they are intended to serve. Equally important, there is very scant information available about the extent to which the Act is being used by the provinces, and where and to whom the cash benefits and services are going. This information is essential if the effectiveness of the program in fighting poverty is to be evaluated and improved, if need be.

66. We therefore urge that:

(a) The federal and provincial governments should cooperate in the development and application of *standards for social assistance* programs to ensure that all needy individuals and families receive adequate assistance payments and have access to preventive and rehabilitative services of high quality.

⁴¹ For example, some individuals and families require special assistance and encouragement to make the most effective use of the services they need. Among these are people who have grown up in poverty who, we know, frequently lack the capacity to make good use of available services and opportunities. The challenge is to help them overcome their inertia or ignorance without, in the process, infringing on their freedom of choice and their self-respect.

⁴² Which, incidentally, may force 'working mothers' on to social assistance and prove far more costly in the long run.

⁴⁰ *Social Policies for Canada*, *op cit*, pp. 41-62.

(b) *Adequate financial and staff resources* should be available to meet needs promptly and fully according to these standards, and *public education programs* should make the benefits and facilities known to all who may need them.

(c) There should be systematic and continuing *collection and analysis of information* about the working of such programs to ensure that they are really doing the job intended and are truly effective both in preventing and remedying poverty. The Senate Committee could itself make a useful contribution to such a development by searching out and evaluating such information in relation to what is now taking place in Canada, nationally, provincially and locally.⁴³

67. Finally, there is need for the involvement of people in decisions and actions intended to benefit them. The most beneficial policies and programs, governmental and nongovernmental, will result when those affected participate in the planning, decision-making and implementation. Thus, every effort must be made to develop people's capacity and opportunity for such participation. Participation by itself is not enough; it would be futile, for example, to expect to solve all housing problems through people getting together in co-operatives. But the problems arising from lack of participation are well illustrated by the confrontation now taking place with Canada's Indian people, a situation that is becoming a nation-wide scandal.

Income Distribution: Social Security and the Tax System

68. So far we have mainly dealt with approaches to combatting poverty through what is usually described as the social welfare sector. Unfortunately this system has become the 'pack horse' in the anti-poverty program, and is carrying a far greater load than that for which it was designed. It has also become the 'scapegoat' on which the general public pours its guilty feelings about the continued spectre of poverty in the midst of affluence. When the social welfare sector fails to eradicate poverty, in spite of its apparent sky-rocketing costs, it is accused by an indignant public of having failed completely. Without attempting to minimize the shortcomings of the social welfare system, weaknesses in

other systems such as education, manpower, health, regional development, housing and taxation, have placed an undue burden on the social welfare sector.

69. Responsibility for the war on poverty, and thus for its cost, should rest on broad public policies to produce a dynamic economy capable of supporting full employment, sound manpower practices and adequate wage levels. In particular, taxation policies are needed that will achieve redistribution of income (the basic weapon against poverty) in the simplest, most equitable, and least costly way possible. We are placing an intolerable and costly burden on our specialized social security programs and on our social welfare services which must take up the slack caused by our failure to grapple with the basic weakness of the tax system in relation to combatting poverty.

70. The social security system's effect on the pattern of income distribution cannot be determined without considering the effects of the tax system. Many people in Canada not only receive money from government in the form of social security benefits, but also pay money to government in the form of taxes (e.g., income and sales taxes) and social security contributions. The results may be to keep a considerable number of low-income families below the poverty line.⁴⁴ In addition, the combined pattern of social security benefits, taxes, and social security contributions between individuals and governments is inseparable from individual and collective efforts in the non-governmental sector to achieve or provide individual economic security. The private and public efforts must be compatible, e.g., in pension plans.

71. The method of financing the social security system may alter its redistributive effect, and also may raise serious questions of equity. Many of our existing programs are at least partially financed by *earmarked taxes* of a kind (e.g., level premiums and sales taxes) that bear more heavily on low- than high-income groups. The result is that in large measure such programs operate through transfer payments from people with small incomes to those with even less, which is hardly an arrangement to be defended or accepted.

⁴⁴ For example, in a family of four—man, wife and 2 dependent children, the head of the family begins to pay income tax at \$2,700. Yet even the most conservative estimate is that normally such a family needs \$3,500 as a minimum.

⁴³ The Council is planning an examination of how and to what extent the potentiality of the Canada Assistance Plan is being implemented.

72. The question of appropriate levels for family allowances also involves consideration of the broader question of the extent to which income tax and transfer systems take account, and should take account, of the different requirements at all income levels of persons with and without families.⁴⁵

73. The Council recommended in *Social Policies for Canada* that, as part of a joint federal-provincial study of Canada's social security system, consideration should be given to the net redistributive effect of taxes and transfer payments, the relationship of the social security system and changes in the tax system (proposed or contemplated), the methods used to finance social security programs, and the relationship between the social security system and the respective taxing powers and program responsibilities of the federal and provincial governments, including the relative merits of federal adjustment grants to the provinces and of federal-provincial shared-cost programs.⁴⁶ Following extensive research and analysis of the tax aspects of transfer payments, the Royal Commission on Taxation recommended a similar review.

74. On the problem of directing resources to those in most need, the Council has recommended that, "social security benefits are a type of 'income', and should be added to other income for purposes of personal income tax, provided that other kinds of income currently escape taxation are also included."⁴⁷

75. The purpose of social security benefits is to provide income in a variety of contingencies. Since other types of income (e.g., wages, salaries, profits, interest and rents) generally are subject to progressive income tax, equity requires that social security benefits normally be regarded as income for tax purposes. This treatment permits consistent design of social security benefits in relation to the other elements of income. At the same time, with progressive income taxation, it ensures that the after-tax advantage of the benefits is maximized for the least fortunate since the greater the total of other income present, the higher will be the marginal tax rates applicable to the social security benefits.

76. It is essential, of course, that taxability of social security benefits which are now exempt should only be implemented in conjunction with an increase in benefit levels which at least prevents a decline in after-tax benefits. Indeed, the objective of benefit taxability is to attain a higher after-tax benefit pattern which is more consistent and more equitable than the present benefit structures.

77. In order to avoid double taxation, the treatment of social security benefits as income for tax purposes would have to be combined with deduction for tax purposes, from benefits or other income, of individual contributions, if any, to social security programs.

78. It may be considered desirable, for practical reasons, not to apply the taxation principle to social assistance payments which are based on assumed or measured calculation of individual needs. It is possible, theoretically, to include the amount of tax liability on social assistance payments in calculating the individual's budgetary deficiency and the resulting amount of his assistance payment. In practice, such an attempt to achieve absolute equity among the beneficiaries of social security programs who are also taxpayers may not be worth the administrative effort involved.

The Guaranteed Annual Income

79. Granted the approaches to combatting poverty suggested above—e.g., meeting universal and special needs through social security and social services; provision for access to, knowledge of, and participation in these measures; the effective formulation and use of policies on employment, manpower and taxation—there still remains the matter that is basic to the problem of poverty: the question of guaranteeing at least a minimum adequate income. The Council's fundamental approach to this is that, "Canada's social security system should provide, as a matter of right [and thus without stigmal] sufficient income to support an adequate standard of physical and social well-being for all individuals and families."⁴⁸ Such a program would provide a basic defence against and remedy for poverty. While it would not eliminate the need for the social services, it would greatly decrease the pressure on them. Assurance of adequate income would also improve the productivity

⁴⁵ See paragraphs 33 and 34, pp. 20 and 21 above.

⁴⁶ *Social Policies for Canada, op cit*, Recommendation 12, p. 39.

⁴⁷ *Ibid*, Recommendation 10, p. 37. 'Other kinds of income' include, for example, capital gains, certain types of expense allowances, and company provided fringe benefits.

⁴⁸ *Social Policies for Canada, op cit*, Recommendation 3, p. 28.

of people and assist in the development of our country.⁴⁹

80. In the Councils' view the first line of defence against lack of income or insufficient income should be *some type of guaranteed annual income* as of right for all Canadians. The method of achieving a guaranteed annual income may take one of two forms, or combination of both.

(a) It may provide universal, flat-rate payments or demogrants to a population group defined by a demographic characteristic such as age. By definition, demogrants are unrelated to the current or prior income of the individual or family receiving them.⁵⁰

(b) Alternatively, the program may take the form of a negative income tax by which anyone whose income falls below an established floor (and who meets other eligibility requirements such as attained normal working age) is automatically entitled to the whole or some defined portion of the difference between the floor and his actual income in the form of a negative tax (a public payment).

81. The pro's and con's of the two methods, and the difficulties inherent in each of them, are discussed in the annexed copy of *Social Policies for Canada*⁵¹ and in more detail (with illustrative material on their working) in Appendix III.⁵² The matter is therefore not pursued here. Much more study and analysis of methods of achieving a guaranteed annual income needs to be undertaken, but we are convinced that the difficulties can be overcome and that the result will be a social security system that is administratively simpler, less costly and above all, more consonant with human dignity than what we now have. It cannot be too strongly emphasized, however, that the level of payments and the coverage of a guaranteed annual income program will be crucial in determining the extent to which our piecemeal network of other social security programs can be dispensed with. Until a single such program can support an adequate standard of physical and social well-being, other types of social security programs must be maintained, strength-

ened, or established when lacking. Indeed, we must recognize that social assistance will always be required as the safety-net program for special income and service needs, however generally adequate a guaranteed annual income may become.

Research

82. The fragmentation of effort which characterizes and nullifies much of the value of our social policies and programs in dealing with poverty is repeated in our research efforts.

83. No one discipline can comprehend the full range of factors involved and their inter-relationships in battling poverty. Full understanding of the problem rests on the knowledge and insights of a number of disciplines—economics, sociology, psychology, political science, social welfare, to name a few. The opportunities for applying this knowledge to the creative development of policy will also require the active co-operation of the several agencies engaged in anti-poverty programs.

84. Both these premises argue for a more systematic and coherent program of research, jointly conceived by research bodies in the poverty field and interdisciplinary in scope. There is urgent need to establish the machinery and procedures for planning such a longterm program of research. In the absence of such a program, the contribution of research to policy development is likely to remain at its present minimal level.⁵³

VI. CONCLUSION

85. We have come full circle to the starting point of this submission: public attitudes to poverty and social rights. We are convinced that the whole question of the attack on poverty, including the question of the guaranteed annual income is much more a social, moral and political issue than an economic one. We do not knowingly allow our fellow Canadians to starve to death. Eventually, often after plaguing and degrading the recipients, we provide them with enough money (apart from services) to get by. This is done at no

⁴⁹ See *ibid.*, pp. 8-9, re "The Interdependence of Social and Economic Development".

⁵⁰ It should be noted that flat-rate payments could be applied to the entire population.

⁵¹ Section 8, pp. 25-27.

⁵² Reuben Baetz, *The Guaranteed Annual Income—A Personal View*, May 1968. Note in particular the suggestion ((b) p. 9) that the demogrant form of guaranteed annual income could be progressively taxed more heavily than other income, perhaps up to 100 per cent.

⁵³ As an example of the problem, we lack even a clearing house of information on current projects and studies in the poverty field. The series of poverty bibliographies prepared by the Canadian Welfare Council with financial support from the former Special Planning Secretariat of the Privy Council marked an important step in this direction but funding of this project has been discontinued.

inconsiderable cost to the public purse, and the *net* cost of a more equitable, rational and integrated approach, including a guaranteed annual income, would not be as astronomically high in proportion as some suggest. It is the *will* to tackle such an approach, by stages if necessary, that is lacking.

86. There are those who argue that by guaranteeing a man an income sufficiently high 'to keep body and soul together', he would immediately slip into chronic dependency. We do not share this pessimistic and cynical view of the nature of man. Ours is the more positive and optimistic outlook expressed by Archimedes when he said, "give me a place on which to stand and I will move the world." Canada as a nation has by no means agreed on the philosophical question of

whether we should provide at least an adequate standard of living for all members of our society as a matter of right. To the extent that we continue to equivocate in our policies we will continue to muddle at the administrative and program level. The result will be to continue indefinitely an unnecessarily piecemeal and unplanned approach to our social security and social services system, and to prolong or even perpetuate poverty for a large percentage of Canadians. We are convinced that the present unhappy state of affairs will not change until there is a widespread re-ordering of our values. The 'Just Society' and the acceptance of human rights cannot be legislated by government and handed down. They begin in the hearts and minds of men and grow from there.

APPENDIX "O"

The Guaranteed Annual Income

—a personal view—

Reuben C. Baetz, Executive Director
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May 17, 1968

There has recently been a growing interest in and a good deal of debate on the subject of a Guaranteed Annual Income for all. Much of the renewed¹ interest in this topic has no doubt been generated by the War on Poverty in the U.S.A. and Canada. Obviously the provision of a guaranteed annual income for all particularly if the minimum level of income were set high enough, would effectively treat the economic and financial symptoms of poverty, even if it might not uproot all of its causes.

To help clarify our thinking about a guaranteed annual income, it is important that we recognize this as an ideal—a socio-economic objective—perhaps a political, social and economic philosophy or doctrine; as such it should be sharply differentiated from a specific legislative program either in existence or being proposed at this point in time by any political party. There are several legislative programs which could be employed in achieving the objectives of a guaranteed annual income; indeed, the objective may be reached through a combination of existing and proposed programs.

In recent years, through social assistance, social insurance, flat rate programs (demogrant), and other income maintenance measures in Canada, Canadians generally have been provided with at least a sufficient income to "keep body and soul together". One might be inclined to believe that no resident of Canada has *knowingly* been allowed to starve to death because of inadequate income. However, the recent report issued by the Citizens' Crusade against Poverty entitled "Hunger U.S.A.", which stated that over 10 million Americans are suffering from chronic malnutrition, should jolt any complacency about the condition of the Canadian poor. At best we may have provided a *de facto*, not a *de jure*, adequate minimum income. The result has been the issue of financial assistance to the needy on the somewhat hazardous basis of rules and regulations applied anywhere from

a niggardly to a benevolent fashion. What would be new in Canadian social legislation is the concept that the minimum level of income would be provided as a *matter of right*. It may seem strange that this concept has never been introduced here in Canada, even though Canada has been a "signatory" nation to the United Nations' Universal Declaration of Human Rights, in which Articles 22 and 25 read as follows:

Article 22:

Everyone, as a member of society, has the right to social security, and is entitled to realisation, through national effort and international co-operation, and in accordance with the organisation and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of His personality.

Article 25:

(1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

Although the United Nations' Declaration of Human Rights speaks of the right of an adequate standard of living, and does not refer specifically to the right of an adequate income, in an industrial society such as Canada, an adequate income would seem to be the most obvious way to provide an adequate standard of living. The acceptance by Canada of the goal of an adequate income for all as a matter of right would be especially appropriate coming during the International Year for Human Rights. Can an affluent nation guarantee anything less for its poor?

At the most recent Federal-Provincial Conference, the then Minister of Justice Trudeau spoke of legal, linguistic, political and egalitarian rights. One might wonder why

¹ The Speenhamland Law, as early as 1795-1834, guaranteed "the right to live" through provision of an adequate income.

economic or social rights were not included. Does our federal system prevent the Federal Government from including social rights among the human rights to be enjoyed by Canadians? If so, what happens to such pious statements that human rights should transcend provincial and federal rights? Certainly, in our monetary and market place society, the other rights can easily become but "shell and shadow" if a man lacks the right of a minimum adequate income.

Although one might readily accept a guaranteed annual income for all as a noble and desirable objective, it is not easy to propose specific legislative programs to help reach that goal. Nevertheless, two general *methods* or *programs* have from time to time been suggested through which the objective of a guaranteed minimum annual income for all might be achieved. These are (a) through a negative income tax; and (b) through a program of flat rate allowances or demogrants.

- (a) In its simplest form the negative income tax mechanism involves government cash payments to families and individuals whose income falls below a defined level. This method is equivalent to using the income tax system in reverse. Upon the submission of an application form, which would clearly indicate that the applicant's income had not reached a certain minimum level, a cheque would be forwarded to the applicant in an amount which would bring him up to the established guaranteed minimum.
- (b) The flat rate allowances, or "demogrants" scheme, as the term suggests, are flat payments made automatically to any specified population group, or even to the entire population, without the prior application of an individual means or needs test. It presumes that those recipients of the demogrants, whose income from all other sources was sufficiently high, would return all or part of the grant to the public treasury via the income tax mechanism. The demogrants in these cases would be taxed separately, and at more progressive rates than the individual's "earned" income.

If it were now constitutionally, technically, economically, and socially feasible to provide a guaranteed annual income for all Canadians, the method of the Negative Income Tax would be more suitable than the flat rate demogrant approach. There are a number of

reasons for this, but the most obvious and paramount one is that at any given time only a small percentage of the population, that is the lowest income group, would be eligible for supplements to bring their income up to the minimum guaranteed level. Therefore, it would be impractical to issue demogrants to the entire population, even if most of it were eventually recouped through the regular income tax system. The demogrants program is, however, superior in some respects, as will be noted later when, in the absence of a Negative Income Tax scheme for all payments are made to selected "populations" whose income generally is lower than the national average.

Before a Negative Income Tax system to provide a guaranteed annual income for all Canadians could be implemented, a number of important considerations and questions would need to be clarified:

1. Constitutional
2. Organizational and Technical
3. Economic
4. Socio-Psychological

1. Constitutional

In our Federal system of government it would need to be established at the outset whether the Federal or the Provincial Governments have the constitutional power to *guarantee* a minimum income as a right. Even with the introduction of the guaranteed income supplement for the aged, Quebec raised this "Constitutional question". Obviously human rights should have precedence over Federal and Provincial rights. But before any such major legislative programs as a Negative Income Tax scheme for all could be introduced, this fundamental constitutional question would no doubt need to be resolved. This should not be an insurmountable task. Indeed, it could provide the long overdue occasion for a much more appropriate and rational reallocation of respective Federal and Provincial responsibilities in the social welfare field generally, and in the income maintenance area specifically. The outcome would surely be more acceptable to all than the gigantic "ad hocery" that exists now. The Federal Government, for example might undertake to provide the guaranteed minimum income floor to all Canadians across the nation. In doing so, it would undertake a responsibility which any modern nation must assume, and which the Federal Government has undertaken on a partial, fragmented, and

ad hoc basis over the years through a number of amendments to the British North America Act. At the same time, the provinces would be charged with the responsibility for, and have greater resources available to do, that which they alone can do best, namely to build the social service edifices in accordance with the special social, cultural and economic circumstances prevailing in their geographical jurisdictions. Formulae could no doubt be devised whereby such a redivision of responsibility would disentangle the two jurisdictions from the existing mutually irritating "shared cost" programs without placing undue financial burdens on either the provinces or the Federal Government. Either a Federal or a joint Provincial-Federal Social Research Centre could provide the much needed applied research to all units. Demonstration projects could be jointly financed as desired.

2. Organizational and Technical

The introduction of a Negative Taxation Scheme designed to provide a guaranteed income for all should be preceded by a major examination and reorganization leading to a greater integration of all the income maintenance programs now administered in isolation by several Federal Departments. Equally as important, the negative taxation scheme should be closely integrated with the income tax structure, and could be an extension of the same system. As George Harris, Senior Editor of "Look" Magazine said, "we'll all meet on Form 1040".¹ There is a close relationship between the income tax structure and the income maintenance programs which is not at all reflected in the current Federal departmental organization. For example, on one hand we continue to apply Federal income taxes to families whose incomes are below the "poverty line" level, and at the same time, in various ways, supplement this income through one or more income maintenance programs.

As indicated in my article in CANADIAN WELFARE of March 1968, a Negative Income Taxation scheme has inherent in it some technical "booby traps" which would need to be avoided. One relates to the old and perennial problem of incentives, (even though "incentives" seem always to apply more to someone other than ourselves). For example, if the minimum income floor is established at \$3,000

for a family of four, by how much would the grant be reduced for every dollar the applicant earned? If the reduction is 100 per cent, this could lead to a major incentive problem. If it is a substantially lower percentage, for example, a 50 per cent reduction on the grant for any earnings, the grants in diminishing amounts must be made to people earning as high as \$6,000 a year. If the 50 per cent rate is right, and the \$6,000 break-even level is too high, the minimum floor could be reduced, for example, from \$3,000 to \$1,500, which would bring the break-even level to \$3,000. But since \$1,500 is far below the poverty line, it might result in too many cases requiring social assistance. Although a Negative Income Taxation scheme would not result in the social assistance program becoming entirely obsolete, it could and should reduce social assistance to residual cases. Hence the minimum floor should not be too far below the poverty line. This, in turn, raises the question of "what is the poverty line?" At any rate, the technical questions and their implications would need to be carefully examined before implementation of the scheme.

3. Economic

In addition to resolving the constitutional, organizational and technical questions raised above, would the provision of a guaranteed annual income for all through a negative income tax be feasible at this time? It is roughly estimated that the annual net cost increase of providing a minimum income at the poverty line (\$3,000 for a family of four) would be about \$2 billion. (It should be emphasized that this estimate is based on quite inadequate statistical information available in Canada, and I, personally, believe it is far too high. Recent studies in the United States, where more statistical data is available, and with a ten times greater population, have estimated net cost figures anywhere from \$10 billion to \$20 billion.) Needless to say, the net increase would be lower if the guaranteed minimum level were substantially below the poverty line. However, as indicated above, too low a minimum floor would reduce the effectiveness of the scheme by placing undue stress on the social assistance programs. We could end up by "falling between the two chairs" of a Negative Income Tax and other Income Maintenance programs.

4. Socio-Psychological

Finally, there remain some unanswered questions of the social and psychological

¹ April 30, 1968 Issue "Do we owe our people a living?"

impact of a guaranteed annual income for all. By guaranteeing, as a matter of right, income to an employable person, would any significant percentage be inclined to rely on the guaranteed "hand out", and drop out of the labour force? Probably not. No doubt any negative income tax scheme would not "tax" earned income up to 100 per cent as is the case with many social assistance plans. While only time and experience will tell what psychological effect a guaranteed annual income would have on the recipients, one thing seems certain. It can be no worse than the present "hand out" system which only seems to perpetuate poverty from generation to generation.

For the reasons outlined above and others, we cannot immediately provide a guaranteed annual income for all through the implementation of a Negative Income Taxation system. We can and should, however, at least take some steps towards this goal. We can provide a guaranteed income to some of our population, particularly the aged, the blind and otherwise handicapped, and the single heads of families with dependent children. In aggregate they would include well over one and a half million Canadians. They have no, or very little, relationship to the labour force because of age, handicap, or other circumstance beyond their control; hence the "incentive to work" controversy does not arise to any appreciable extent. As a group they also have substantially lower incomes than the rest of the population, and constitute a very large part of our poor. To assist them would make substantial inroads on our "poverty problem".

The above selected populations could be provided with a guaranteed annual income either through the extension of a flat rate demogrant program or the negative income tax approach now employed in the \$30 guaranteed supplement to the aged. Whether, in the final analysis, the Negative Income Tax or the flat rate demogrant approach is to be applied should depend on which provides the most favourable cost-benefit ratio. The rigorous application of the cost-benefit ratio to all social welfare programs is completely lacking in Canada. We tend to make sweeping judgments about programs, and "tar all with the same brush". For example, all "universal" programs seem to have fallen into disrepute. But in some instances, for example, the aged and handicapped, the cost-benefit ratio probably is much more favourable for a demogrant

program than the Negative Income Tax approach.

In response to those critics who would immediately view this flat rate grant as a further step towards undesirable "universal" programs, it should be stressed at once that these programs would not be universally applied, but would be selective in meeting human need in two major respects:

- (a) The population group eligible for assistance would itself be "selected" from among the total Canadian population on the basis that as a group their income is substantially below the average Canadian population.
- (b) Within the group itself, those with higher individual incomes would have to reimburse the public treasury, through the existing income tax system on a progressive tax rate applied to the demogrant, perhaps up to 100 per cent. This would involve acceptance of the principle that demogrants, being transfers from the taxpayer, should be taxed more heavily than other forms of income, for, in fact, their taxation would be for the purpose of returning to the State such transfers as were not needed.

For a number of reasons the provision of a guaranteed annual income for the aged through the flat rate demogrant system seems preferable to the negative income tax approach currently applied to the aged for the guaranteed income supplement. (The fact that both concepts are employed is indicative of the "Topsy" like growth of our income maintenance programs.) As might have been predicted, the majority of the aged (701,000 out of 1.2 million) have so far proven themselves to be eligible for all or a part of the \$30 supplement. This immediately raises the question as to why vast additional bureaucratic manpower, with attendant administrative costs, is required to establish individual eligibility prior to making payments. Paper work is enormous for both departments and applicants, and in numerous cases the amount paid out on the declining scale is so low—as little as 60 cents per month—that it literally is not worth the paper required for the application and the postage stamps. It would be infinitely more simple, efficient, and economical for both department and recipients if, upon having reached eligible age, the client would receive, automatically, one cheque for the \$105, covering both the Old

Age Security payment of \$75 and the full \$30 supplement. (This figure will vary slightly due to living costs adjustments.) Those aged having incomes in excess of established amounts would be taxed at a progressive rate to be determined—up to 100% if indicated, and reimburse the Federal treasury through the normal income tax machinery.

It has been suggested that taxing demogrant up to 100% through highly progressive rates would raise undue criticism, particularly by the higher income recipients. No one, it is argued, even in the upper income bracket, would like to see his demogrant fully taxed. Such hypothetical criticism could be avoided through a number of possible regulations. For example, no demogrant of \$105 would be issued to any aged person reporting, through the income tax mechanism, a relatively high income—possibly 17,500 for a single aged person, and \$10,000 with one dependent. Those beyond this income ceiling would continue to receive their \$75 old age security cheque, and pay taxes on it as heretofore. By setting his ceiling, no one would be taxed the full 100% of the demogrant, and indeed it would be economically feasible to *not* tax the demogrant beyond a marginal rate of 50%, which would be less progressive and more equitable than the "across the board" 50% tax under the present guaranteed annual supplement program. That the reduction of the grant by \$1.00 for every \$2.00 "earned" is in fact an across the board 50% tax is overlooked by many except the aged.

The estimated net increase in cost in extending a flat rate demogrant to all aged under an income ceiling of \$7,500 per annum for a single person and \$10,000 with one dependent, is \$98 million, and hence would be quite feasible. Out of the 1.2 million aged, well over 400,000 now receive the full \$30 supplement. Assuming that of the remaining 300,000 who receive some supplement the average is 50%, the net increase in cost would be tantamount to providing the full \$30 supplement to an additional 150,000. This would amount to increased payments of $150,000 \times \$30$ by 12, which equals \$54 million per annum. Out of the 500,000—that is the difference between the 700,000 receiving some supplement and the total of 1.2 million aged—it could be assumed that 100,000 receive an income beyond the established ceiling, and are therefore not included in the plan. This would leave 400,000 who would require the

full \$30 supplement. This would cost $400,000 \times \$30 \times 12$, or \$144 million per year. The net increase in extending the demogrant to all the aged with an income of less than the stated income ceiling would be \$198 million. However, by taxing the demogrant at a rate which would be no greater than the 50% across the board applied to the guaranteed annual supplement, \$100 million of the \$198 million would be recouped in taxes, leaving a net increased cost of about \$98 million per annum.

It is important to note that the net cost cannot be measured only in terms of demogrant to the aged, because providing increased financial assistance to the aged with low incomes would avoid the necessity of spending huge sums in public housing for the aged, as well as on medical and para-medical and social services. (Note the current Toronto controversy around aged in nursing homes, and the indignation at the idea of shipping them to cheaper nursing homes "somewhere in the country".) For a net increase of only \$98 million per annum in direct payments, plus relief from expenditures in indirect subsidies through public housing and medical and social services, financial assistance to the aged would be infinitely improved. But equally important, the demogrant approach would also be far more humane and less harsh.

By having to apply for an income supplement, the aged are immediately and automatically divided into two social groups—the "haves" and the "have nots". The inevitable stigma is attached to the aged person who "must apply for assistance". That many will not do so, because of their life-long aversion to "being on welfare", even to the detriment of their own health and happiness, is a known fact. That many are too old, too tired, too senile, not sufficiently literate, or illiterate, to work their way through the mysteries of the application form tables and regulations, is also a real obstacle and danger. 701,000 of the aged have proven their eligibility for an income supplement. But how many among the 500,000 remaining are eligible, but have not applied for the various reasons cited? One of the many advantages of the demogrant program would be to remove the guess work and attendant hazard to the aged. The inevitable income test would, of course, come. But it would be through the more familiar and socially acceptable regular income tax form.

With the suggested improvements in the demogrants scheme, this could be extended, at an early date, to other population groups pending the ultimate decision on the introduction of a negative income tax for the entire population. Families with single heads, and especially widows with dependent children not eligible under the Canada Pension Plan, are a population group in urgent need of financial assistance. To avoid any possible constitutional squabbles, assistance to these families could be extended simply by substantially increasing the family allowances for the children. Here again, the net increased cost to the taxpayer would be relatively small, because many of the families are now being helped through social assistance. By channeling money into these families via the family allowance system, they would be able to "get off despised relief", and once again walk with pride in their community. Others, the so-called "near poor", who have managed to stay off relief, could well use the financial help to bring some stability to families who have already been shaken and shattered through other circumstances. The following figures indicate the possible number of families and amounts involved. According to the 1961 census there were:

1. 81,000 (wife only) families	with 162,000 children
2. 171,500 widowed heads	with 205,800 children
3. 13,000 divorced	with 20,800 children
4. 6,600 single female heads	with 9,900 children
272,100	with 398,500 children

resolved before a Negative Income Taxation System can be implemented.

(c) During the interim period, the objective of a guaranteed annual income can at least be reached through flat rate or demogrant programs for "selected populations" whose average income is below that of the Canadian population generally.

(d) Once the constitutional, organizational and technical, economic, and socio-psycholog-

The extent to which these families are dependent on social assistance now is at least partially reflected in the fact that about 50,000 families with 150,000 children are now on social assistance. (Exact figures, excluding B.C., for 1968 are 46,216 families with 135,496 children, receiving \$61,777,635.)

By increasing family allowances for all children in all of the categories to an average of \$25 a month would cost roughly \$86 million per annum, minus, of course, any reduction in social assistance.

To sum up:

(a) A guaranteed annual income, as a matter of right, for all, should be viewed as a goal, and not a legislative program per se. The acceptance of this as a "Right" would be a new dimension in Canadian social legislation, and would be particularly appropriate during the International Year for Human Rights.

(b) The objective of a guaranteed annual income for all could probably be best approached through a Negative Income Tax scheme. However, major constitutional, organizational and technical, economic, and socio-psychological questions will need to be

ical questions have been resolved, a guaranteed annual income could be extended to the entire population through a Negative Income Taxation scheme. It would also, hopefully, mark the advent of a more rational reallocation of Federal-Provincial responsibilities, and greater integration among the income maintenance programs and the income tax system.



First Session—Twenty-eighth Parliament

1968-69

THE SENATE OF CANADA

PROCEEDINGS

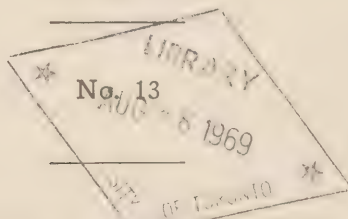
OF THE

SPECIAL SENATE COMMITTEE

ON

POVERTY

The Honourable DAVID A. CROLL, *Chairman*



THURSDAY, JUNE 26, 1969

WITNESSES:

Mrs. June Stifle, Executive Secretary, Alberta Metis Society; Dr. Howard Adams, President, Metis Society of Saskatchewan; Reverend Adam Cuthand, President, Manitoba Metis Federation; and Mr. Tom Eagle, Canadian Armed Forces.

MEMBERS OF THE
SPECIAL SENATE COMMITTEE ON POVERTY

The Honourable David A. Croll, *Chairman*

The Honourable Senators:

Bélisle	Inman
Carter	Lefrançois
Cook	McGrand
Croll	Nichol
Eudes	Pearson
Everett	Quart
Fergusson	Roebuck
Fournier (<i>Madawaska-Restigouche,</i> <i>Deputy Chairman</i>)	Sparrow
Hastings	

(18 Members)

(Quorum 6)

ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 26, 1968:

"The Honourable Senator Croll moved, seconded by the Honourable Senator Roebuck:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time:

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place; and

That the Committee be composed of seventeen Senators, to be named later.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 23, 1969:

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen Senators; and

That the Committee be composed of the Honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (*Madawaska-Restigouche*), Hastings, Inman Lefrançois, McGrand, Nichol, O'Leary (*Antigonish-Guysborough*), Pearson, Quart, Roebuck and Sparrow.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

ROBERT FORTIER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

THURSDAY, June 26, 1969.

Pursuant to adjournment and notice, the Special Senate Committee on Poverty met at 9:35 a.m. this day.

Present: The Honourable Senators Carter, Cook, Croll, Eudes, Fergusson, Fournier, (*Madawaska-Restigouche*), Inman, Lefrançois, McGrand, Pearson, Quart, Roebuck, Sparrow.

In attendance: Mr. Frederick Joyce, Director, Special Senate Committee on Poverty.

The briefs submitted to the Committee by The Metis Association of Alberta, The Metis Society of Saskatchewan and The Manitoba Metis Federation were ordered to be printed as *Appendices "P", "Q" and "R"*, respectively, to this days proceedings.

The following witnesses were introduced and heard:

Mrs. June Stifle, Executive Secretary, Alberta Metis Society; Dr. Howard Adams, President, Metis Society of Saskatchewan, Reverend Adam Cuthand, President, Manitoba Metis Federation; and Mr. Tom Eagle, Canadian Armed Forces.

(Biographical information respecting Dr. Adams and Reverend Cuthand follow these Minutes.)

At 12:40 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

E. W. Innes,
Acting Clerk of the Committee.

NOTE: The Department of Manpower and Immigration has supplied additional information as requested by Committee members on June 10th, 1969. That information is affixed to today's proceedings as "*Appendix 'S'*".

BIOGRAPHICAL INFORMATION

Dr. Howard Adams was born in St. Louis, Saskatchewan of Metis parents. He took elementary and high school education in this Metis community. Later he went to the West Coast where he worked for the Vancouver School Board as a visiting teacher for seven years. During this time he completed his B.A. Degree and did work towards his M.A. in Sociology. In 1956-57 Dr. Adams attended Teachers' College at the University of Toronto. He returned to British Columbia where he taught high school in Coquitlam until 1962. He attended the University of California, Berkeley, from 1962-1965 where he received his M.A. and Ph.D. Degrees in Educational History. Dr. Adams was Community Development Specialist at the University of Saskatchewan from 1966-68 specializing in Indian and Metis Communities. Presently he is an assistant professor in the College of Education, University of Saskatchewan. In the past year Dr. Adams has had one article published in the *History of Education Quarterly*—"The Roots of Separatism", and one book *The Education of Canadians*. For the past two years he has been involved in the Indian-Metis Movement of Saskatchewan. Dr. Adams was elected President of the Metis Society of Saskatchewan last month.

* * * * *

Reverend Adam Cuthand was born on an Indian reserve. He was a member of the federal public service for twenty-two years as a teacher and school principal. He retired from the public service four years ago to devote full time to the ministry. He is currently employed as the coordinator of Indian and Metis work in the diocese of Rupert's Island as well as being the priest at St. Mathews church in Winnipeg.

THE SPECIAL SENATE COMMITTEE ON POVERTY

EVIDENCE

Ottawa, Thursday, June 26, 1969

The Special Senate Committee on Poverty met this day at 9.30 a.m.

Senator David A. Croll (*Chairman*) in the Chair.

The Chairman: We have here this morning briefs from the Metis in Manitoba, Saskatchewan and Alberta. Mrs. June Stifle from Alberta is substituting for Mr. Daniels, President of the Alberta Metis Society, who just could not get here. Mrs. Stifle is executive secretary to Mr. Daniels. She works as a committee development officer and she has been active in native affairs for over ten years. She is going to read the brief, and it will take her ten or twelve minutes to do that.

Then we have Dr. Howard Adams. He was born in Saskatchewan and had his elementary and high school education in the Metis community. He then went to the West Coast. He worked in the school board as a visiting teacher for seven years. He completed his B.A. degree and did work towards his M.A. in sociology. In 1957 he attended Teachers' College at the University of Toronto. He returned to British Columbia, where he taught high school until 1962. He then attended the University of California at Berkley from 1962 to 1965, where he received his M.A. and Ph.D. degrees in educational history. He was a community development specialist at the University of Saskatchewan, and he is presently an assistant professor at the College of Education, University of Saskatchewan.

Then the next gentleman is the Reverend Cuthand. He was born on an Indian Reserve, and was a member of the federal public service for 22 years as a teacher and school principal. He retired from the public service four years ago to devote full time to the ministry. He is currently employed as the coordinator of Indian and Metis work in the Diocese of Rupert's land, as well as being a priest at St. Matthew's Church in Winnipeg.

With him is Sergeant Tom Eagle of the Canadian Armed Forces.

The program as we see it now is for Mrs. Stifle to read her brief. The others will then speak to you for about ten minutes, giving you the highlights of their briefs, and then the questioning will commence.

These briefs will be printed as *Appendices "P", "Q" and "R"* to this day's Proceedings.

I was just going to say this much more: you have read their briefs, and all of the spokesmen express some pessimism, indicating that on a few occasions they have presented briefs without results as far as they are concerned. Their hope, and of course the committee's hope, is that we will have a moment in history and be able to do something for these people who appear before us as well as for many others who find themselves in the same situation.

Go ahead, Mrs. Stifle.

Mrs. June Stifle, Executive Secretary to the President of The Alberta Métis Society: Good morning, ladies and gentlemen of the senate committee: this brief shall be simple and direct. Poverty is conceived of as being multi-dimensional, i.e. composed of concomitant and inseparable factors, such as economic, cultural, psychological, historical, ecological—the first three being of immediate importance.

The case it sets forth is based on the Association's findings established by the Metis Study Tour carried out in December of 1968. The Association is aware that its own sensitivities and views are not exclusive, and that in fact the expression thereof happily and strongly coincides with that of other leaders, notably with those of Premier Strom who just recently categorically declared that "...Alberta's visible affluence tends to be a facade which hides the problems of poverty and cultural deprivation... the conquest of poverty requires a reorganization of the means and resources available. It calls for utter determination and limitless commitment."

We concur with the Premier's views as to the global analysis of the situation and with

regard to the quality of effort required for solution. In applying his analysis to the Metis condition, we unequivocally emphasize that the Metis as a whole is at the bottom of the poverty heap, and has always been there. To use expressions current in native circles, the Metis are the "forgotten children of the forest", the poor cousins, are "at the bottom of the ladder". Discouraging and destructive though their perceived situation is, we are sharply aware, that other than for a few token gestures, society has done precious little for us other than to keep us in the underclass. We hasten to add that we are keenly and deeply aware of our inherent ability and intelligence to deal with our own problems, if given half a chance. In general terms that would be our recommendation, i.e. that we be allowed and helped to see to our own problems, but on our terms. The dominant society's "efforts" have clearly proven to be wholly inadequate.

We realize that we are up against a gigantic social problem which in fact is two-ended: a) the apathy, indifference and suspicion prevalent within the Metis community; b) the puritan attitude of the dominant society which responds only to that rare individual who overcomes the overwhelming difficulties of socio-economic differences and "progresses". The problem is essentially one of education in terms of immediate, intermediate and ultimate for both groups.

The Metis Association of Alberta:

The Association, formerly known as the Metis League of Alberta founded in 1929, is a voluntary political organization. It is at present the only province-wide organization of its kind. Because of this fact its activities are conceived of in terms of the total Metis population of the Province, with special attention to the needy who constitute the bulk of the Metis population at the present time.

It is estimated that there are approximately 45,000 Metis: 12,000 of these in Edmonton, 8,000 in Calgary, 2,000 on "colonies" (a provincial government responsibility) and the remainder on the fringes of small white towns and in small isolated communities, located in central and northern Alberta for the most part.

As of March of the current year this Association on the basis of provincial-federal grants has a full-time paid personnel. At the moment the president is paid as executive director of the Association. There are in addi-

tion two secretaries. In June six full-time field organizers will come on staff.

The stated goals of the Association are in terms of native human rights, the psychosocio-economic development of native communities, and the obtaining of relevant educational opportunities for natives.

The Facts:

Twenty-two Metis communities were visited by the Metis Study Tour last December. Virtually the entire Metis population was attained to. Unless stated otherwise the following alphabetical list constitutes a total consensus regarding the specific points as set forth.

Culture

A disposition of helplessness and deep regret was encountered whenever this topic was broached. To some degree in few areas such things as legend telling, native game playing, native dancing still prevail. In the main however the language has died out or is dying out, to everyone's regret.

Education

There is a general appalling lack of education and training for jobs. There is an alarming drop-out rate, beginning as low as grade four and reaching its highest proportions at the grade eight level. It is estimated that there is a 70-80 per cent rate of failure. Few boys, if any, get beyond grade eight. The average education level of Metis throughout the province appears to be at the grade four level at the most.

Teachers in these communities show a remarkable uninvolvedness. All, regardless of origin, maintain little or no contact with the members of the local communities in which they teach.

Health

In almost all of the communities water supply is a long-standing, crucial issue. No ambulance service is available for emergencies. Whites will not help out when transportation to hospitals or for medical attention is required. Nurses do not visit outlying areas on a regular basis, and when they do they are exclusive in the contacts that they make. Relative to the means of transportation available in most communities, doctors and hospitals are at great distances away.

Housing

Everywhere, without exception, housing of the vast majority of natives is sub-standard, that is small, overcrowded, of poor construction material. A handful only are home owners. Those with large families have great difficulty in obtaining lodging. In most areas rent required is prohibitive. By and large, with few exceptions, running water and electricity are not obtainable.

Jobs

Few unskilled jobs are obtainable, and for the same there is an over-supply of persons. In many areas the ridiculous standard of grade ten or better for unskilled positions is maintained by employers. Job-training programs that have been provided have failed to provide job opportunities for the trainees. People are frequently trained for jobs that do not exist in their home area. There is profound disillusionment with agency efforts to promote vocational training. There is a general feeling that whites get jobs before natives do. In a number of areas whites are brought in from the "outside" in preference to local native labour.

Land

Most of the natives are squatters. When native groups attempt to negotiate over Crown Land they invariably run up against resistance in the form of "You are asking for too much land!" Land that is offered is always inadequate to accommodate a local group: "It is only good for living on, but not for living off of!"

Metis Attitude

Despite discouraging and appalling economic conditions, there does prevail a strong feeling at the local leadership level that "...we are capable of running our own affairs. However we do need help to get started." Most communities feel that government representatives, be they civil servant or politician, are condescending and that the programs that they have implemented in the past in fact destroy people. Whites are viewed with suspicion.

Welfare

The Welfare services to Natives is a very disturbing situation! In every area there are high numbers of people on welfare. In one area it was as high as 80 per cent for eight months of the year. There is a discrepancy in application of welfare rates from one region to another. The welfare payment scale barely

allows a person to subsist. The Metis is kept below the recognized poverty line of \$3,000.00. The people are aware that this system is degrading. The annual average income on a provincial basis is not over \$2,000.00. In some areas the average is as low as \$600.00 per year. In some areas people have to travel great distances in order to obtain welfare assistance. The assessment of needs by welfare officers is frequently unjust. Most welfare representatives are perceived as being very authoritarian, disrespectful of people and very indiscreet.

White Attitude

Nothing goes further to keep the poor down than the discriminatory attitudes and practices of the white dominant society. Such is encountered throughout the province. White pupils and surprising numbers of white teachers are intolerant of native pupils. White towns feel that Metis are not interested in the education and general welfare of their children! Whites also maintain that Metis offenders are better off in correctional institutes because conditions there are better than at home! Whites will not give credit to natives; if they do, atrocious rates are charged. Churches would just as soon not have native members! Nowhere is help and encouragement given to bridge the cultural gap. Agencies such as Manpower, Forest and Wildlife and Welfare do discriminate against Metis.

Recommendations

It bears repeating again that we unshakably feel and believe that the Metis of the Province of Alberta are as a whole at the bottom levels of socio-economic development, as the above enumeration bears out. Given the general stirring within our native community, and given recent re-structuring of the Metis Association and lastly, given the fact of the presence of excellent human resources within the Metis community, we have but one basic recommendation, that is that we be allowed to help ourselves, and to that end greater sums of monies from federal-provincial coffers be imperatively forthcoming. We are aware that close co-operation with government agencies is required. This we are seeing to.

These monies are necessary for purposes of increasing the numbers of personnel, both administrative and technical as well as for purposes thereby of economic, psychological and cultural development. We believe that we can, and in fact have begun to do so, restore

to our people a new sense of dignity and identity in our 20th century setting.

We are aware that measures on a national scale need to be taken. We are therefore in favour of such maintenance income policies as guaranteed income and negative income tax. As for the other points listed in your section 11.6 we feel that these are of provincial jurisdiction and under our prodding the province can be brought to confront the issues and attempt solutions thereto.

We recognize that while on the one hand the economic system that does prevail in Canada and in the western world is the most successful yet devised, yet tragically on the other it is a system that does not include the underclass. The situation of the underclass generally is one of poverty, one that is corrosive of individual psychology. Our belief and our experience is that if allowed to take our own destiny into our hands we can break out of this endless cycle of degrading, and destructive conditions. Candidly, it does mean that we become revolutionaries—but, in the healthiest sense of the word, i.e. utterly committed, with intelligence, consistently supported by financial and professional resources.

I would like to make an additional comment concerning a recent statement by government. According to the Minister of Indian Affairs yesterday, the Treaty Indians of Canada are going to have their rights stripped. I, as a Metis woman, and an executive of the Metis Association of Alberta, strongly reject this policy and support the stand taken by thousands of my Indian brothers in the outright opposition to this policy of government. Will we natives never be given the chance to emerge as an independent strong nation? As I sit here in good faith, this government tries to destroy my people. The hypocrisy sickens me.

Thank you, ladies and gentlemen.

The Chairman: Dr. Adams.

Dr. Howard Adams, Assistant Professor, College of Education, University of Saskatchewan: Yes, thank you very much, Mr. Chairman. In Saskatchewan there are approximately 40,000 Metis. We, for the most part, live in communities outside of the cities, in northern communities, or in isolated and insulated communities from the large urban areas. We are only beginning to move into the cities.

It is hard to get precise statistics on the poverty conditions of the Metis, because the government officers claim they do not record welfare or any other employment statistics along racial lines, yet we know at the same time that we are being discriminated against racially, and we know that we are being noted as being Metis.

Poverty is very extensive among the Metis in Saskatchewan. A very high percentage of us are forced to live on welfare, and it certainly is not our choosing to live on welfare, by any means. I would say that we feel very much the same way about welfare as June has expressed: we find it very degrading, very humiliating, and as a matter of fact we are fully aware that the authorities use it as a method of politically controlling us in our own communities, because those of us, as Metis, who have become involved in the movement, are soon threatened with losing their welfare or having it cut from them and being brought into line to adhere to the policies of the welfare authorities.

Now, in poverty, for us the first consideration of course is jobs, employment or income. There are many other, secondary, issues here for us, as June has mentioned: housing, education, health, and the cultural aspects. But our most serious problem, and immediate one, is the fact of income. We are given all the unskilled jobs, casual labouring jobs, all the dirty menial jobs and the low-paying ones such as fighting fires for \$6.50 a day which averages out about 12 hours, and may extend up to 18 hours a day. Fire-fighting in Saskatchewan is done exclusively by Indians and Metis. Also we are given jobs of picking rocks, picking roots and so on. This is what happens when you go to the Manpower office when you are a Metis: regardless of your training and your skills you are automatically relegated to this kind of work, and the women are sent to the section for domestic work or waitress work, even though they may have commercial training. This is indeed an insult to us.

In our local Metis communities, of which there are many, and where the population of our Metis people runs anywhere from 80 to probably 98 per cent, the rest being the white community power structure, these communities lack any kind of economic resources, and therefore, you know, any real economic viability in order to develop them. As a result, we are pretty well forced to live on welfare. There is no provision being made to develop

any kind of industry—well, perhaps I should not say entirely that: Premier Thatcher is now trying to develop a farm or farms in a few of them, but for the most part these communities are completely underdeveloped. They are probably as seriously underdeveloped as any communities in the world for which External Aid pays money to these various countries because of their underdeveloped situations.

Discrimination is practised very seriously against us, and we are fully aware of it. We are awakening to the conditions of discrimination. We are becoming very impatient and rather angry about it. We are beginning to realize our colonial and our oppressed condition, that we are a powerless people. We live in a white supremacy society or, as my brothers and sisters say, it is a racist society in which we live, and as long as we live in this kind of racism in Canada we are likely to live in this kind of extreme poverty. Therefore it is necessary to start moving towards self-determination. It is necessary that we should organize for our own sake, because we are the only people that can liberate ourselves, and so we have become involved in what one might say truly is a national liberation within Canada, to see that we do achieve our own liberation, to become masters in our own house.

However, I must say that we feel that it is quite impossible to do this alone, because, although there are 40,000 of us, we still do not have the financial resources with which to achieve this kind of end. We feel that it is necessary to have funds, particularly for what we call our capital development funds in our communities, to develop them. We feel simply that by developing some kind of light industry or some kind of commercial enterprise or farming or whatever it may be in our own communities, it will not only develop our situation economically, it will develop our own situation in terms of education, health and culture.

Of course, as we move towards self-determination we are at the same time revitalizing our culture. There is a great acceleration of Metis nationalism in Saskatchewan, and we feel that this serves to strengthen our own identity and our purpose to achieve these kinds of things.

Therefore, we are anxious to have assistance, I would say largely financial assistance. We are perfectly capable of governing, of administering, of managing our own affairs in

our own communities. What we want is simply funds with which we can decide the type of activities, the type of economic development that will take place in our communities. We, who live at the local level, know better than anyone else I think what is best for our brothers and sisters in each of these communities.

Therefore again we would support the idea, I think that June has mentioned: a guaranteed national income, but this probably would be secondary to the fact that we feel there should be some form of a Crown corporation that would provide the capital development fund which would amount to millions of dollars. After all, the External Aid Office is able to send out of Canada over \$330 million a year to underdeveloped countries, and we argue that we are the most underdeveloped communities in the world, so it can come to our internal aid. By the same token, we feel that any time they can send out \$75 million to the Ford Motor Company without really any questions asked, then we have the same rights, as indigenous people who live in this country, and who were here in the very early days.

That is all really, Mr. Chairman, that I would like to say this morning.

The Chairman: The Reverend Cuthand of Manitoba.

Reverend Adam Cuthand, Co-ordinator of Indian and Metis Work for the Diocese of Rupert's Land: Thank you, Mr. Chairman. Mr. Chairman and honourable members of the Senate, I represent the Manitoba Metis Federation, which is incorporated as a non-profit organization.

At the introduction we state that there is a high infant mortality rate and a high rate of mortality among adults. We point out that it is due to the fact that the Metis have incomes which are inadequate. Recently we did a survey of 872 families in the province of Manitoba and we found that only 145 men who are the heads of families were in jobs permanently. The rest are either getting social aid or else doing casual work.

I would like to point out here that only in one Metis community has industry moved in, and that is in the town of St. Laurent, where we have a clothing factory which employs up to 30 people. We would like to see further steps taken with industry going into these communities where our people will be employed.

As a result of the poverty situation, the end result, of course, is the breakdown of families, child neglect, marriage problems, school dropouts, juvenile delinquency, alcoholism; there are the results of this situation.

Our definition of poverty is the whole cycle of problems which reinforce each other, sub-standard housing, poor or little education, unemployment, bad health, discrimination, malnutrition, lack of motivation, lack of efficacy to cope with the problems we are confronted with.

Concerning the housing situation in Manitoba, we have been able to negotiate with the CMHC in Ottawa and the Manitoba Housing and Urban Renewal, to have 100 houses provided for 1969 and 1970 in the remote parts of Manitoba. This will be subsidized both by the federal and provincial governments, 75 per cent and 25 per cent respectively. But this is only the beginning. The Metis in Manitoba do not want a handout; they are willing to pay the mortgages on these houses according to the wages that they earn.

Health: In 1957 there was an agreement made between the federal government and the provincial government by which the Indian Health Services would provide some service to the Metis in the province of Manitoba, but only in the area of prevention. The health services in Manitoba for the Metis are inadequate.

Education: Two weeks ago I attended a graduation exercise at Cranberry Portage in northern Manitoba, where 55 Metis students graduated either from grade 11 or grade 12. Again, this is only the beginning, but in each case the parents of these students are earning \$2,000, or even less than \$1,000, a year. We have five Metis students attending university, and in each case the parents are earning less than \$1,000 a year: so you can see we have problems in the area of education. The Metis are themselves trying to do something. For example, the Metis local of the Thompson area are now soliciting funds so that they can provide a nursery school for the Metis children in that area.

In the province of Manitoba there are approximately 25 per cent of the people of Indian ancestry, which means that over 200,000 people in the province of Manitoba have Indian blood. They have become lost as Indians: they have lost their characteristics as Indians, and they have been assimilated, through intermarriage, with the rest of Canadians. Many of these people I have met

in all walks of life, a judge, doctors, lawyers, M.P.'s, civil servants, M.L.A.'s. But we are not concerned with these people, although we would like to get their support; we are concerned with 30,000 people of Indian ancestry or Metis who are living in poverty, worse off than the registered Indians living on reserves. This has been due to the fact that these people have been isolated, and have lacked the opportunity to get further education.

We have been able to get some funds from ARDA, amounting to \$60,000 for 18 months, which ends in March, 1970, to send workers out into the field, and also we have been able to negotiate with the Department of Agriculture, the extension services, \$10,000 last year to get some formal education for the adults.

We were very fortunate last year to have Dr. Des Connor, a sociologist consultant from Ottawa, and Stan Cyril, University of Toronto, who is going for his doctor's degree in adult education, to be our animators for a course in social animation for the Metis. These are some of the things that we have tried to run to further the cause, and also to enable our people to help themselves as they go out and work with the people.

Our recommendations are as follows. I would like to point out first that, like our Indian brethren, we have been considered to be a little less than the rest of Canadians, although we proved ourselves to be men in the last war. There is a continuance of the colonial set-up mind, that in fact Metis are a lesser breed, and must have resolutions worked out for them. However, we believe that through the efforts of our organization we can do many things for ourselves. We find that our few workers, because they are also Metis and speak two languages, are bilingual, have done a good job in communicating with the people.

Now, the approach is that we would like to have an action research program, which is on the last page of the Appendix. The approach to this study would be to set up a team of four Metis with a co-ordinator who would have the necessary skills, not only in basic research but in working with people. The workers would go into the communities and establish dialogues. The workers would have the people look at their communities, and the workers in conjunction with the people would work out the necessary means of collecting the facts about the community. The community would set out their priorities, about the facts collected. The workers, in conjunction

with the communities, would work out possible solutions, and the entire process would be carefully documented.

We believe that the poverty in Canada has never been documented. We also believe that the initiation of such a process amongst people living in poverty, is a necessary first step in overcoming poverty. As an organization representing one of the recognized poverty groups in Canada, we urge strongly that this proposal be accepted.

We estimate that a study of this nature would cost in the area of \$60,000 per year.

Thank you.

The Chairman: Next we have Mr. Tom Eagle, who is a member of the Canadian Armed Forces, and comes from Manitoba. He has something he would like to say.

Sergeant Tom Eagle: Thank you very much, Mr. Chairman. I would like to perhaps go very briefly here over some of the facts and some of the research we have done. For example, on housing, we have made a study of 19 Metis communities. There were 744 families involved with 643 homes, 4,039 people, which gives an average number of people per room of 2.53.

We also took a study of the Metis population in 15 Metis communities. I might add here this was a very hasty study; the Senate did not give us enough time to make a thorough study. We have approximately 194 Metis communities in our province, and whereas the research programs would take about five years to do a study of us, it took us approximately two and a half weeks, and with this we have tried to establish some facts here. In the 15 communities there were 5,210 people involved which, in the breakdown, gives 884 men, 881 women, 3,345 children; the number of families, 872; the number of families on welfare 394; the total number of people on welfare 1,673.

Now, Adam, I think you made an error here when you mentioned about permanent jobs but anyway, Mr. Chairman, just to get the record straight, there were 145 in permanent jobs, rather than the 845 figure.

The Chairman: No, he said 145.

Sergeant Tom Eagle: Okay; I misunderstood him.

The people in communities probably make their living receiving welfare, doing seasonal work, fishing and trapping.

In the high school graduates there were 39 last year, and of course we have the new figures that Adam just gave. Out of these we have five Metis students going to university, which represents one in every 6,600 of Metis population of Manitoba. With this new figure of high school graduates, we do not know how many will be attending university, but I can guess, and my guess would be correct, that there will be approximately one or two from the graduation figures that Adam has given.

I would also like to support the statements made by our friends from the other provinces, when they talk about "separate people". To put it more bluntly, we are foreigners in our own country. In fact, when we were making up the brief, I was in favour of submitting for Foreign Aid, and I think this is one way, perhaps, we can make Canadians realize the conditions that we live in.

I would also mention briefly, in connection with our recommendations, that many research programs have been done. No one has ever benefitted by these research programs, certainly not the Metis or the Indians.

The recommendations you normally get from these research programs are that another study is to be made. Who benefits from these research programs? No one but the researcher himself. If we can do this research program ourselves, I can guarantee you that we will get results, because we know exactly how these research programs are conducted. They always go to the influential body in the community, that is to say the welfare worker or the clergyman. I might add here, while I am mentioning clergymen, that one of the big downfalls is that we have too many churches to-day. In one community that I went to two weeks ago there were five churches in that particular community and there was a sixth one going to be built. We do not need all these churches, and I think it is about time that you people, as an influential body, did something about our conditions. Help us to help ourselves. As Adam said, we are not asking for any handouts. When we present briefs to the federal government the federal government immediately passes the buck on to the province. We are not only Manitobans, Saskatchewaners or Albertans; we are also Canadians.

The situation today on poverty will get worse. People in the Locals are starting to realize what an organization such as the Manitoba Metis Federation can do for them,

and they are taking steps to correct the situation. Ladies and gentlemen, I do not like to use this, but if our demands are not met, then I am afraid this country is going to be torn apart as has happened with our friends in the South. If it took the Manitoba Metis people a hundred years—one hundred years—to get the two senior governments to come to an agreement so that the Metis can have houses, I do not know, but I would not want to see us wait another 100 years for another 100 homes, and I do not think you will see that to-day, because we are going to do something about it, and I think it is about time that we did.

The Chairman: The Metis representatives have certainly laid it on the line for you, you met poverty in the raw this morning, as you will continue to meet from time to time as we go across the country.

The understanding is that the first time around the limit will be three minutes, and then we will open the discussion so that anyone else who wants to ask questions can do so. I will start with Senator Fergusson. You can direct your question Senator Fergusson, at any one you like.

Senator Fergusson: I would first like to compliment all of the people who have made their presentations this morning. I thought they were excellent, and certainly very moving. One cannot possibly help but be deeply interested in the situation of the Metis. Especially I would like to compliment Mrs. Stifle, who had to start the presentation: I think she did an awfully good job.

One of the things I would like to ask about arises in Dr. Adams' presentation—I think it is on page 4—where he mentions that poverty amongst the Metis is due to lack of employment and lack of adequate income. Do you take advantage of the provisions of the Manpower training, and ability to get training under that department?

Dr. Adams: Yes.

Senator Fergusson: And then they provide that you can be moved to some place where there is the opportunity, I think. Do you take advantage of this also?

Dr. Adams: We do indeed. The situation with regard to Manpower is not always favourable, by the way, because they do provide some upgrading classes; but also, you must remember that Manpower in selecting the people to go on upgrading classes, give tests, and give the kind of tests that actually

fail out our people. These are called WRAT tests. That does not mean anything; WRAT is the kind of test. It is a cultural test, and of course we fail those and we cannot get on the upgrading classes. Those of us who do get on the upgrading classes usually stay on them and finish them, but unfortunately many of the training programs that Manpower have provided end up with no jobs. This is the big complaint.

Senator Fergusson: Is it your lack of education that makes it impossible for you to pass these WRAT tests?

Dr. Adams: Part of it is lack of education, and part of it, as I say, is cultural, because we have a different value system, a different frame of reference, a different way of looking at life, and therefore we simply cannot pass these tests. But part of it is lack of education.

Senator Fergusson: Thank you. If I may take a little longer there is just one other question that I would like to ask.

The Chairman: Go ahead.

Senator Fergusson: That is about the Metis attitude. I think they speak of the lack of trust that Metis give to the white people. But we find this amongst poor white people too: they do not trust the more affluent part of society a bit. Can you suggest what could be done to overcome this lack of trust, so that in the efforts and programs that are tried we would all co-operate better.

Dr. Adams: I really cannot, because I can only say this about it, that in order for the white bureaucrats or the white officials to get the trust and confidence of my brothers and sisters, they have to practically go out and establish it and get it on an individual person-to-person basis, because there have been so many centuries of failures, disillusionment and all kinds of things like that, that we no longer put any trust in them. So only when those individuals go in there and prove themselves worthy, show that they are serious and that they are going definitely to do something that will benefit the situation of the Metis, will the Metis trust them. There is no other way that I can see.

Senator Fergusson: You admit though that there is this feeling of distrust amongst white people who are in poverty-stricken condition?

Dr. Adams: Oh, yes.

Senator Fournier: Mr. Chairman, I would like first to compliment the witnesses for

their frankness in presenting their briefs, but, coming from the East, and knowing very little about the problems of the Indians and the Metis from the west, I must say that these reports are somewhat shocking, to read these things. I do not know whether these things do exist.

There are two statements made about which I would like to ask questions. One especially was made by one of the witnesses in his report, and it had something to do with churches and the failures in schools. In Dr. Adams' report on page 1 I read this:

Since the local clergy are the key personalities in the Local Councils, religious discrimination is practised against the Metis.

I would like to have a little explanation of that and I would also like to know: is he referring to any particular type of religion? That is one question, and the second question...

The Chairman: Just let us have an answer to the first question and then we can come back to the other.

Dr. Adams: Yes, I would say definitely I am referring here to the Roman Catholic Church, because well over 90 per cent of the Metis are Catholic. In our isolated communities, particularly in northern Saskatchewan, the priest is a very key figure in that community. Over the years he has become very authoritarian; he is very much of a despot, and he rules our people. Now that we are beginning to move towards what I call liberation, he has become a little alarmed about it, and this is the case with more than one priest, I assure you. They feel that their own church empire is beginning to crumble, and as a result they are taking action and becoming more oppressive than ever, and they are making efforts to keep us in what I say is a childlike state all the time. For instance, they tell us, tell my brothers, that we are not to join the Metis Society, that we are not to do this and not to do that. As I say, most of us, especially the older people, are very devout, very religious Catholics, and they adhere to what the priest says; but the younger people are beginning now to reject the priest and tell him to mind his own business, and it is becoming rather a disturbed situation.

The Chairman: What is your second question?

Senator Fournier: Thank you. My second question is: Why do you have so many school dropouts, just very briefly?

Dr. Adams: Because the schools are, as I say, meaningless and irrelevant institutions. In our communities the schools really belong to what I call the dominant white society, which makes the schools urban, middle-class and white, and we are none of these things. You see, the schools do not represent our culture at all, so that a school right in our own community is a foreign institution. It is not an extension of our own culture. The teachers are all white; all the supervisors are white, and the text books are insulting to us. They are degrading, they inferiorize us, they make us feel ashamed of ourselves, they make us so that we are shy, and they take away all our sense of dignity. The schools cripple us, the schools immobilize us, so that we are really quite crippled when we come out of them, and we want to run away from them as fast as possible.

The Chairman: Senator Sparrow?

Senator Sparrow: Thank you. For the information of the other members of the Senate, Dr. Adams was offered, as I understand, the deputy minister's job in the new Department of Indian Affairs in the province of Saskatchewan. I understand—and he can comment on this, and perhaps he would—he rejected the offer because, although it is a very important job in the province of Saskatchewan, he had the feeling that he could do a better job for his people working outside the direct involvement in government itself. I would like to commend Dr. Adams for his attitude in this regard, and I do think that he is doing a good job in the province of Saskatchewan as far as his people are concerned.

Mr. Chairman, figures have been mentioned of the number of Metis in the three provinces. The figure in Alberta was 45,000; the figure in Saskatchewan was 40,000; and the figure in Manitoba was actually referred to as 200,000 or thereabouts, with 30,000 that the Association is directly involved in, who are considered to be at the poverty level. What I would like to know is: What is your definition of a Metis, as you are presenting it to this committee? What is your definition of a Metis, and how do you determine who these people are? Is it by membership and so on? Now, the reason I ask this is that there is quite a discrepancy in the figures used, of 200,000 in Manitoba of Indian ancestry that

you referred to, and the 40,000 that we are talking about in Saskatchewan or Alberta. Could you answer that, and give us an explanation of what a Metis actually is in your opinion?

Dr. Adams: Well, I can start out answering it then. The way we define "Metis" is simply those people who are of Indian ancestry, and those people who come forward and proclaim that they are Metis. Most of all I think there is the fact that they were born and have lived most of their lives in a Metis community, and they have internalized or adopted all the values of the Metis society. You know that you are not accepted as part of the white mainstream dominant society. I do not know whether there are any other criteria. With the Metis, some of them can be white, as I look white, and could pass as white people, and yet they still proclaim they are Metis. I think the important thing is, as I say, that you have the value system and you know you have lived your life among the Metis and you know what it feels like. This is the important thing. We say, you know, the experience of being a Metis, of being a colonial or oppressed person having to suffer these kind of wretched conditions, involves a kind of spiritual brotherhood. You see, it is not a hard and fast thing, like being a Treaty Indian, where you have a number and live on a reserve. This is rather hard to define. We have never run into a problem yet with anyone who was a member, of having to say: Well, now, is he a Metis or is he not a Metis? We have never had that problem, because every person so far that has come to our Society, we know they are Metis because of the way they speak and the things they tell us and their value system and so on.

Senator Sparrow: A supplementary question, just to pursue this. Comparing the figure then of the 200,000 in Manitoba of Indian ancestry, how does that compare with Alberta and Saskatchewan, outside the scope of actual Metis that you are referring to directly?

Dr. Adams: Well, you see, there is a possibility once again. I say there are 40,000 in Saskatchewan; now it could go considerably above that, but, you see, the thing is that once you go above that you might get into 100,000, but you are going into probably Metis who may never declare themselves as Metis, who may never come back into our Society and into our culture, and therefore are lost into the mainstream of society, and would not be part of the whole Metis move-

ment, the Metis organization or whatever it may be called, you see. Therefore we would be really unable to account for these people, and we do not feel that they are part of us anyway.

Mrs. Stifle: I would like to add to this by quoting what my President often says and that is that there are probably half a million Metis in Canada, and if you have something good to offer, something that you can be proud of when you come back, the other half a million will step forward.

Reverend Cuthand: I would like to say something here, Mr. Chairman. I would like to point out as a matter of record that the founder of Manitoba was a Metis, Louis Riel. In 1870 there were 10,000 Metis, who were originally accepted as people of Indian and French ancestry. Now, since that time the word "Metis" has been accepted to include all people of Indian ancestry. Some of the people up north refer to themselves as "unregistered Indians" because they are living culturally as Indians, they look Indian, and they have the same value systems as the rest of the Indians in Manitoba.

The Chairman: Senator Cook?

Senator Cook: I would like to ask Mrs. Stifle what she means, on page 5, when she refers to the "recent restructuring of the Metis Association"?

Mrs. Stifle: In the last two years we have restructured the Metis Association, and by this I mean we are trying to change it to an organization where we can go into the communities and set up Locals, and this is similar to the Union concept, where we can have representatives come in, and the power will be coming from the people, with an administration that will look after it.

Senator Cook: Thank you. All three briefs seem to have only one main recommendation, and that is that the Association be given funds to carry out their work. Are the Associations linked together, or are they all independent in their own operations?

Sergeant Eagle: We are independent in our operations because of the fact that we come under three different provincial governments.

Reverend Cuthand: I would like to point out that there has been an attempt in 1967 to tie the four provinces together, British Columbia, Alberta, Saskatchewan and Manitoba, to form a Canadian Metis Society,

but this is not functioning because the Metis in British Columbia are just organizing. We hope in time they will be tied in, in the way of exchanging ideas with one another.

Senator Cook: Just one further thing: Are these Associations recent, are they new Associations, or have they been in being for some time?

Sergeant Eagle: Our organization was formed in October, 1967.

Dr. Adams: Ours was relatively recent, about two years ago.

Mrs. Siifle: Ours was founded in 1959 and registered in 1967.

Senator Cook: Thank you.

The Chairman: Senator Pearson?

Senator Pearson: I might say that I was born and lived in a community in Manitoba that was part English and Scots and part Metis. I grew up with them there, and I always had quite a strong feeling of association with the Metis. Through my life I have employed the Metis people on the farm, in Saskatchewan now, and I am just wondering why there has been this change. In those days the Metis were considered as equal to the other people in the development of the West, but they seem to have slipped and gone down the grade, and the people who have come in from Europe, etc., have sidetracked the Indian or the Metis people, so that they now have become, as you say, a lost cause, or down at the bottom of the heap. I am just wondering if you have any answers as to why they have gone this way instead of maintaining their level or going up.

Reverend Cuthand: What area were you talking about?

Senator Pearson: In Manitoba.

Reverend Cuthand: But which town or area?

Senator Pearson: St. Francis Xavier.

Reverend Cuthand: That is further south?

Senator Pearson: No, just out of Winnipeg.

Reverend Cuthand: I think you will find those people you are talking about have gone on. I found out there were 200,000 people of Indian ancestry who had done well and had been accepted as the rest of Canadians with jobs and in the professions and so on.

Senator Pearson: Yes, that is right.

Reverend Cuthand: But we are talking about the people who have been left behind because of isolation and lack of opportunity for education, which amounts to some 30,000 people.

Senator Pearson: Do you think the Metis people to-day have a chip on their shoulder now against the whites?

Sergeant Eagle: No. What chip? We haven't got a thing.

Senator Sparrow: Not even a chip, eh?

Sergeant Eagle: No, we haven't anything.

Dr. Adams: I do not think there is in any real sense a chip on our shoulder, but we have a certain anger, I assure you. We are getting a tremendous impatience about the whole situation, and we are developing a sense of nationalism. By that I mean we are coming together as Metis. We feel a sense of identity, of cultural identity. We feel we are brothers and sisters, and this is a new thing; this is truly something very new. I cannot give any explanation for it other than I think it is all part of the total national liberation movement throughout the world. We feel we are part of the third world, this kind of thing. I think this has overflowed into Canada, and is causing a kind of awakening amongst us, because it seems strange that today certainly in Saskatchewan, and I am sure this is true of the other provinces, there is a tremendous awakening. As June has suggested, you know, this is a grass roots movement, and when we go to the people in these communities and develop a local within a community, these people, perhaps for the first time in their lives, are coming forward and proclaiming themselves as Metis, although they could pass for white. They say, "Now I want to be active, I want to be involved. Here I am at home, I am a half-breed, and I am proud of it", and so on and so forth. It is hard to explain. There are a number of reasons that are involved in it.

The Chairman: Dr. McGrand?

Senator McGrand: Mention has been made of the number of Metis south of Winnipeg who have crossed over into the white man's territory and done well—the white man's area. Is it true that the poverty and misery increase as you move north in those western provinces?

Sergeant Eagle: Yes.

Senator McGrand: Now, on page 2 of the Alberta brief you say there are 2,000 Metis in Alberta who are mostly in colonies. In another place you say that most of the natives on the land are squatters. Now, are you referring to these people who live in the colonies? What is the relationship between the people you refer to in the colonies and those you refer to as squatters?

Mrs. Stifle: The people in the colonies come under the provincial jurisdiction, and the people who are squatters live on Crown land. You hear a lot of these people referred to often as "road allowance people".

Senator McGrand: Now, is there enough ungranted land in these western provinces that would be suitable for a large-scale development of farm communities?

Sergeant Eagle: I would just like to mention here that this is a very good question you have brought out, and I am very glad that you have brought it into the light. I might add here before we go on that, you know, this, what I call lip service about how well we are presenting ourselves here, we do not want any more of this. We would like to see some action, some definite steps being taken.

When Manitoba was formed there was something like 1,400,000 acres that was then granted to the Metis in the province of Manitoba. Now, somewhere that 1,400,000 acres went astray.

Senator McGrand: But is there suitable ungranted land at the present?

Sergeant Eagle: Yes, there is.

The Chairman: While we are at it, Sergeant Eagle, I just wanted you to know that the expressions of sympathy and appreciation that were made here by other senators were sincere and highly motivated. This is the first time we have had an opportunity of dealing with the problem. Many of the senators are not fully aware of the Metis problem, as the chairman is not fully aware. This is a bit of an eye-opener to us. I want you to feel that you are in the hands of persons who are attempting to help you in some way. I do not think you should give the impression that you have any feeling that this is just another exercise. This is not an exercise. This is real.

Senator McGrand: I have one more question for Dr. Adams: If you were to have your

way and be given the tools to work with, what would be your first steps in order to bring about your self-determination?

Dr. Adams: Well, we want autonomy in our own Metis communities, that we should have our own government. We do not have the authority now, you see, in the Metis communities. There is a white official appointed by the provincial government, and he is the authority.

Senator McGrand: Do you mean that you should have autonomy by which you would administer your own affairs, collect your own taxes, administer your own schools and your own public works and your own welfare?

Dr. Adams: Precisely.

Senator McGrand: That would be a nation within a nation.

Dr. Adams: No.

The Chairman: No, at the municipal level he means.

Dr. Adams: Yes, at the municipal level.

Senator McGrand: I see, thank you.

The Chairman: Yes, Senator Lefrançois?

Senator Lefrançois: No question.

The Chairman: Senator Carter?

Senator Carter: Before I say anything, I would like to join with those who have complimented the witnesses on the excellent way in which they have presented their briefs.

I have listened very carefully to the witnesses, and particularly to the reply to the question that I think Senator Pearson introduced about the Metis in the area south of Winnipeg. Reverend Cuthand's reply was that these people had maintained their status and had gone on and had somehow entered the mainstream of the white society. Dr. McGrand touched on that same point.

Now, I am not quite clear as to what you really are trying to do. Are you trying to develop a self-sufficient Metis or Indian society of your own, separate and apart from the white society? Or is your aim to do like these others have done and become a part of the mainstream? At the moment those who are outside feel rejected. I do not know whether you want to get in or not, or whether you want to develop outside or on your own. If

so, do you think you can become a self-sufficient society?

Reverend Cuthand: May I answer that first, Senator Carter? Historically Manitoba is slightly different from the rest of the provinces, because at one time the people themselves, the Metis, ran the province of Manitoba.

Now, I would like to quote from one of the vice-presidents, when he said that we want to be accepted as people; we want to be involved in the general mainstream of Canadian life, because they have seen their brethren who have done well in the other society, and they want to become part of it. This is the thinking of the Metis in Manitoba. That is why they are very interested in the area of education, for this purpose. I cannot speak for the other provinces; they may have different ideas.

Dr. Adams: Yes, I think that in Saskatchewan we probably do have different ideas. It may be because of the serious deterioration of our communities and so on, and the fact that there is a considerable awakening, as I was mentioning, that we do not see our future in the mainstream of society. I think the vanguard group of the Metis society, or the Metis in Saskatchewan, say that this is a racist society and that as long as you look part Indian you will be rejected. You know, it is all right if you look white, you can become accepted. But the thing is that you still have to live with yourself, and you have grown up as a Metis, and your own real brothers and sisters are Metis. Therefore you cannot live, psychologically and spiritually, with that kind of fact, that you have rejected and left your own culture and moved into the white stream. They say this is an impossibility, we cannot really be accepted in the mainstream of society, so therefore let us face it, let us be honest; under the present conditions this is not a possibility for us, so what we want to do is to firm up our own culture and remain culturally separate. We cannot remain economically separate; we have to be tied technologically and economically to the mainstream of society. So that culturally we definitely want to remain separate, at least for the time being, until such time as it has given us a chance to build up a real sense of dignity, a sense of confidence, and until we have acquired all the skills that are necessary to function adequately and effectively in the mainstream of society. As it is, if we go into the mainstream of society right now, we are

right down at the bottom; we go in on skid row level, and generally many of us remain there. So we say we will stop that and first we will shape up our own culture.

Mrs. Stifle: I agree with Dr. Adams.

Senator Carter: I have one more question. Another thing I do not quite understand is that apparently the educational facilities available to the Metis are worse than those available in the ordinary rural community. Is that correct, and, if it is correct, why should that be?

Dr. Adams: Well, I am not sure why it is. It is correct. For one thing, in our northern communities we have really a feudal pattern of education. The educational system for the Metis in northern Saskatchewan is under the churches, either the Anglican or the Catholic church. Now, this kind of arrangement is unsatisfactory to us. In the first place we do not have the choice of a purely secular school system. The other thing is the kind of facilities that are available; there are no recreational facilities, there is no gymnasium, there is no auditorium, there is nothing of that nature. The teachers who are employed in our schools do not have any kind of recreational activities organized for the Metis. If the teachers, who are all white remember, are interested in the Metis children, they would have after-school programs, as they do in many schools, whereas they do not for our children. The moment that they are finished teaching, that is the end. So that I pay the facilities, the kind of books and the kind of curriculum are very unsatisfactory to us.

Senator Carter: But are not these standards determined by the province for all schools?

Dr. Adams: Yes, but now again you see what happens in northern Saskatchewan is that there are many—and I am not sure of the exact number—teachers right now in northern Saskatchewan who are teaching in our schools who have not, probably, even completed high school and obtained a high school certificate, but they are given a certificate by the government to teach for one year in our schools. There is a possibility that they do not even have to have gone through the college to become certified teachers, simply because they can get this one year temporary certificate.

Senator McGrand: Are they white or Metis teachers?

Dr. Adams: White.

Senator McGrand: These are white?

Dr. Adams: All white teachers.

The Chairman: I understood all of you to say, all teachers are white. Was I wrong? Is that true in Manitoba? Is it true in all of the provinces, or isn't that so?

Sergeant Eagle: No. In Manitoba we are starting to have our own teachers now. I would just like to elaborate a bit more on the question of these school facilities. In Manitoba we have only one high school in the north, and that is Cranberry Portage, which is north of Le Pas. It is a boarding school and our dropout rate here is very high, because of the fact that the children, coming from the south, right around Winnipeg even, you know the area St. Eustache, St. Ambroise and St. Laurent, all go up to the north so they are separated from their people, from their parents. They are lonely, and when they come home at Christmas time, they want to stay home, they do not want to go back to school, or else they drop out around Easter time. Whenever the opportunity arises to go home, they go home. People from these communities cannot go and visit their children, because travelling in northern Manitoba is very expensive.

A very interesting question that was asked by one of the senators was: What would you do if you were given the capital? We in Manitoba are looking towards the future, and in order to develop our people for the future, we must stress to our young people to get educated. Money is not the only solution to our problem; we have to take part ourselves, and certainly the Metis in Manitoba are now doing this. They are realizing that they have been sitting around. We are to blame just as much as the white society: we have sat around for a hundred years doing nothing about the problem. We were what you call a controlled generation, because we were controlled by government, clergymen, welfare workers, influential people in the community. We had a problem, we went to the local influential person in our community, and we told him our problem. He solved the problem, and we thought: "Boy! Here is a good guy." But the problem here is that he did not show us the mechanics of how to solve our own problems. He was working for the people instead of working with the people. Of course, we have these people who were against us as well, and now this generation has exploded. The people want to get involved themselves,

and, as Mr. Adams said, some of them are feeling very, very depressed about this control that they have.

I would like to point out here that if there is a way you people can help us out, I think one of the things that we are looking for to-day in Manitoba is university scholarship funds for our students to go into university. We only have five of these, and the reason that that came about is because of the development of our organization: it gave us the power to negotiate with the local people, the business men, and they have come along and helped us to put the five students into university.

I might add here that in Manitoba the Metis would like very much to integrate into the mainstream of society. It is a little different from the position as I heard it from the other two provinces. Integrate, yes; but assimilation, no.

The Chairman: Senator Quart.

Senator Quart: First of all I am very interested in, and very sympathetic towards, the Indian people, because for at least 30 years our summer home was at Chateau d'Eau, which is right next to Lorette, the Indian reservation. Therefore I know very well that in golf clubs and others, there was never any discrimination about engaging the Indian population.

Now, the briefs, I think, are tremendous, and if you had only three and a half weeks to prepare them, I think really you should go into research; you can certainly do a wonderful job in a short time.

In regard to the Province of Quebec, have you extended your organization to the east, because all your briefs deal with Alberta, Saskatchewan and Manitoba. Have you any organizations in the Province of Quebec?

Dr. Adams: No, because the thing is that the Metis happen to be historically defined as located really in the three prairie provinces. Although there are Metis in Quebec, there are Metis in the Maritimes, and there are Metis in British Columbia, they are not called Metis. Whenever I go to those provinces and I speak, I am called an Indian, and they do not accept the term "Metis" at all. Although, as I say, there are people who are Metis, what we define as Metis, they just say: No, they are not. Therefore, historically, the Metis society, or the Metis organization, or the Metis people we talk about, really are

located in the three prairie provinces. We call ourselves that. You see, the word, as I told you, "half-breed" is a very powerful word amongst us. We use it, and it has real meaning, so we identify ourselves by that. They are pretty well the only three provinces where we are identified by that particular concept or definition.

Senator Quart: I was wondering, because in the Province of Quebec, in the lower St. Lawrence, there is a community, a town of Metis, and, of course, even in the Province of Quebec, I am sure you know that the Metis are called Metis.

Now, again, coming to the Province of Quebec, there are certainly many, many of the Huron tribe and the Iroquois tribe who are not full-blooded Indians now; they have inter-married with the French, and so on. Have you ever met a Princess Marie of the Huron tribe, who is a poetess in Pierreville, although now she has a program in Montreal and is doing very well? The reason why I am bringing up these names is to show that they have not expected welfare but they have, on their own initiative, and especially in the Indians of Lorette, shown themselves to be quite prosperous. I see you had Chief Gros-lous here, who made a statement over the radio this morning regarding some of the parts of the brief yesterday. Now, they have industries there, and they are seemingly doing very well.

There is another thing which, in defence of the whites, I would like to say. The Province of Quebec elected, I do not know how many years ago, the first Indian, Ludger Bastien. You must have heard of the Bastien Works, have you not, in Lorette, because they are very, very prosperous, and they employ a tremendous number of Indian people. When he was elected, he was elected by the whites, and that was years ago, because the Indians at that time did not have the vote if they were living on the reserve. Therefore he was a very influential man, and he was doing a great deal for his people. He was elected to the provincial government away back, it must be 40 years ago, and served in the provincial legislature.

Another thing that would show not too much discrimination anyway in the part of the Province of Quebec in which I live is that years ago when \$35,000 was a very big salary, the buyer for the Holt-Renfrew firm for Canada was an Indian, Joe Bastien. I am presenting a brief rather than asking a ques-

tion, but I feel, in justice to my province and also to my race, I should say that we did not seem to have any racism there, because they were very prosperous.

Now, may I just ask one question, which is this time a question and not a speech: You mentioned something which interested me very much in the Alberta brief; you mention here about Manpower not doing an adequate job of helping your people find work. Then on page 4 at the end of paragraph 1 you mention that in a number of areas whites are brought in from the outside in preference to local labour. By whom are they brought in?

Mrs. Stifle: If a company comes into an area, such as a construction company or anything like this, and the people are trained in heavy equipment, these companies will not hire the Indian people, they will bring in help from outside. As far as the training that Manpower sets up, I can give you examples. One of these is where a man who is isolated a hundred miles out in a northern community took a barber course, and there are no barber shops for a hundred miles around. He took a cooking course, a welding course, a heavy equipment course, and, after six courses, he is finally taking upgrading. There are no follow-ups or anything on any of these training programs that Manpower gives.

Senator Quart: Once again, and this is my last observation, have you had any contact whatever with Alansis O'Consawin of Pierreville, again in the Province of Quebec, outside of Montreal? I do not know if you know anything about Pierreville, but she came to me and then she brought the Chief and the Priest who was looking after their religious welfare, I suppose. They felt there was discrimination against the Indian people using the pool at Pierreville, and instead of just weeping on somebody's shoulder she decided to do something about it, so, over her radio program in Montreal, she asked for donations from people sympathetic to the Indians. They have a pool now, and again, they were not bitter about the whites, because there were several of us asked to go and open the pool. There was that feeling, that she did not cry about it, you know, she did something about it.

The Chairman: Senator Inman?

Senator Inman: I also would like to compliment the witnesses on their presentations, which were very wonderful, I thought, and certainly I have very deep sympathy. I, too,

was well acquainted with Indians in my youthful days.

Now, I would like to ask Mrs. Stifle to go back to the question of education for a minute. I see that you say that very often the male dropouts at school are at grade 4. Can they not go any further than that? Why do they drop out at that time?

Mrs. Stifle: In the northern communities most of the children that go to school have to live 100 or 200 miles away from home, and they get very lonely. They are in white schools where they are constantly harassed and discriminated against.

Senator Inman: I was more or less thinking of a school on the reservation.

Mrs. Stifle: We do not live on reservations.

Senator Inman: Oh, you do not live on reservations?

Mrs. Stifle: No. We are either squatters on Crown land, or else we live in colonies that come under the government.

Senator Inman: Would there not be a school within the area?

Mrs. Stifle: No, most of the schools are outside.

Senator Inman: They have to go out to school?

Mrs. Stifle: Yes.

Senator Inman: Well, then, you speak on page 4 of the brief about welfare. Could you give me an example of where discrimination takes place?

Mrs. Stifle: In welfare?

Senator Inman: Yes.

Mrs. Stifle: An example would be in the Lac la Biche area, where there is a home that is being rented out to Metis people, who have to move into town to send their children to school. There are three families living in the home. They have an average of six children each. The home is owned by a welfare worker who lives in another area. Each family pays \$75 a month rent. The house is broken down and it is very cold. There are no windows, and in some of the spaces they have plastic. The families with school children maybe get \$100 a month for food and groceries, and this is in a voucher. They can only

shop in one store, because the voucher is made out to that store.

Senator Inman: This is where the discrimination would take place? If that was a white family, you feel they could do their own shopping?

Mrs. Stifle: Yes, I see in these questions you were going to ask you said that there was supposed to be an income of \$5,136 per family of four. If we received \$5,136 for a family of four in Alberta, we would consider ourselves really well off.

Senator Inman: So they would in Prince Edward Island, too, where I come from. Then you have mentioned about the churches. On page 5 you say: "Our churches would just as soon not have native members". Could you explain that a little more?

Mrs. Stifle: Well, this is referring to the urban areas like Calgary and Edmonton. In the Edmonton area most of the Metis people live in what is referred to as the skid row area, and in the skid row area we have more churches in Edmonton than any other city in Canada. There are no Metis people attending church in any of these, and none of the ministers has ever made it a point to visit the homes. The only time that any member of these churches visits any of the homes in the communities where the Metis people live is at Christmas, to bring a hamper, and I imagine this is to still their consciences, probably, for the year.

Senator Inman: Now, I have one other question for you: What resources have you? If you were given the opportunity of looking after your own affairs—I am speaking of human resources—how well would your people be trained, or would it take some time?

Mrs. Stifle: For our people to be trained?

Senator Inman: Well, if you were given your own government, say, to govern yourselves to a certain extent, municipally, would you have lots of people capable of doing that?

Mrs. Stifle: We have people capable now of doing this.

Senator Inman: You have?

Mrs. Stifle: Yes.

Senator Inman: Thank you. Now, Dr. Adams, on page 2 of your brief, and I was interested in this little remark, you say,

"Beet-picking in southern Alberta"—this is Alberta?

Dr. Adams: Yes, because it is our people who are shipped to southern Alberta.

Senator Inman: I see—"Is the most degrading and exploited employment situation in Canada". Why would this be different from picking potatoes or turnips or anything else?

Dr. Adams: I do not know why, but it works out that way, because, you see, what happens is that a number of things take place in connection with the picking of beets in southern Alberta. One is that the welfare is cut off from our people, and at the same time Manpower sends around buses to pick up our people, not only the Metis but the Indians on the reserves as well. They pick them up and take them, not only the man but the wife and the children, all down to southern Alberta to pick beets. I can tell you that the conditions are what I would call slave labour, because there are no other women down there picking beets except them. I was in southern Alberta last fall and I talked to the Indians there, and they said, "We wouldn't touch it; they are only for the poor Crees of Saskatchewan."

Senator Inman: That rather confused me, you see, because in the Maritimes they pick potatoes and so on.

Dr. Adams: And they work on contract, so they get poorer pay. Sometimes they get paid with an old car which they take. As regards the kind of living conditions, they live in shacks and with no proper facilities. The children are taken out of school. There is a considerable amount of alcohol allowed to operate in that kind of community, and it disrupts our whole family life and everything. The pay is very poor.

Reverend Cuthand: I would like to point out something here. Yesterday morning I received a phone call from a woman who had been sent to work in the southern part of Manitoba on sugar beets, on weeding. She wanted to know: what is an acre? They are paid \$17 an acre, but they do not know the size of an acre. They think they are not being given the proper acreage. I know on one farm there was 11 acres missing, that these people were not paid for.

Senator Inman: I see. I was just a bit confused, because we do not consider it a very degrading job to go out weeding potatoes. Our schools are closed to enable people to do that.

The Chairman: We will finish the first time around with Senator Roebuck.

Senator Roebuck: Well, gentlemen, you know I am not going to compliment you, because you are just like us politicians: we do hate to be complimented. I know you do not want any sympathy here, but you have made a complete case. I do not say this as a compliment, but as a fact. You have made a very complete case as to the bad conditions under which you live.

Now, then, I will go this far in saying that we are entirely in sympathy with you. We are a committee that is studying poverty, not among yourselves but among the whites as well. It is a broad subject, and a big one. I want to be practical about it. I sympathize entirely with your desire to run your own affairs, but I would like to know what you are going to do if you get matters into your own hands. I would not make it a condition at all of carrying out the government's intention of trying to hand your affairs to you if you did it even worse than we did, you should handle your affairs yourselves and be responsible for them. But what are you going to do about it, and what do you want us to do? The only thing that we can do, you know, is to recommend things, and they must be definite things. There is no sense in our repeating, beyond the mere paragraph, the bad conditions you have described. What we want to do, and should do, is to recommend practical measures that will assist your people.

Let me go on and put it this way: Are you short of land? If so, why have you not taken up your quarter sections like others have? If something is done in that way to provide your people with access to old Mother earth, could we accomplish something in that? You see, you talk about people holding you in contempt, but I do not think they do, as far as race is concerned. It has been our experience that the well-to-do always hold the poor in contempt. We find that everywhere, not only among yourselves but among the whites. The way you can pull yourselves up by your bootstraps in that regard is an economic problem. Now, can we do anything in that regard? Could we recommend some way that your farms could be enlarged? That credit could be extended in some way so that you could get farm machinery that would make your farms economically profitable? What can we do? What is practical now? What do you want us to do?

Sergeant Eagle: I would just like to mention here, senator, the ARDA program, which is a joint program between, in our case, the Manitoba government and the federal government. Now, some of these programs, I know, are not directed to the poor. I am going to be very precise here, and mention the community of Reedy Creek, where there are a lot of farmers. They cannot get financial aid to support the land that they have now. It is just like any farmer.

Senator Roebuck: Are you telling us that they have got enough land now?

Sergeant Eagle: Yes, in this particular area. I am just trying to bring out a point here, where these programs are not directed to the poor. I am not only talking about the poor Metis or the poor Indians; I am talking about the poor in general.

Senator Roebuck: Yes.

Sergeant Eagle: You know, they have a very difficult time to get support from this program. Now, with us, in the Manitoba Metis Federation, it was only last year that we got involved in this, because we had become an organization and we had put pressure on the provincial government, so that we could get a share of this program.

Senator Roebuck: And the program is—what?

Sergeant Eagle: ARDA.

Senator Roebuck: No, but what is involved?

Sergeant Eagle: What is involved here is farm loans, for example.

Senator Roebuck: Farm loans?

Sergeant Eagle: Yes.

Senator Roebuck: That is for the purchase of machinery, is it?

Sergeant Eagle: The purchase of machinery, anything to do with farming.

Senator Roebuck: And stock, I suppose?

Sergeant Eagle: Yes, and stock. People cannot get this, because there is so much red tape involved here.

The Chairman: Dr. Adams?

Dr. Adams: Yes. Well, the thing is that in Saskatchewan we are already getting from our local Metis communities their own ideas about how they want to develop their own

communities. In some communities it may be farming, where farming is possible. They say, "Well, we need money in order to purchase land, to purchase machinery, to purchase stock", and so on. In other communities, in the northern part where there is lumber, they say, "We need money in order to set up a sawmill, or in order to set up some kind of an enterprise that is related to the lumber industry". You see, this would be operated by the local Metis municipality or council or board, or whatever you want to call it, and it would be governed, administered, operated and managed entirely by Metis. What we want to do is to make sure we are cutting out the white bureaucrat in between, who programs us and makes us powerless, and we have no authority there, and nothing to say about the situation. We want to manage it ourselves. These are the kind of programs we want to develop, the kind of things we want. For instance, some people are talking about market gardening, where this is possible. You see, the particular economic situation of each community: they decide for themselves. It is not hard for me to be able to send out any number of petitions with numerous signatures on them, to show you what they have filed themselves, and what they would like to have developed within their own communities.

Senator Roebuck: Are you talking of sawmills where there is lumbering?

Dr. Adams: Yes, sawmills.

Senator Roebuck: Well, is it profitable to run a sawmill in the locality?

Dr. Adams: Yes, it would be in their case.

Senator Roebuck: Why haven't people gone in there then? Is it purely for lack of capital?

Dr. Adams: I suppose so, purely for lack of capital. In some cases, you see, some of our communities in the north are not economically viable under any conditions. You take a community like Loche as far as we can discover there is no economic potential in that community, and yet there are over 1,700 Metis living there.

Senator Roebuck: And there is lots of agricultural land there?

Dr. Adams: No, it is too far north and the land is poor for agriculture, although the local government is developing a farm there that will employ a few Metis. But, as I say, there are 1,700 Metis. What are you going to do with these people? The government in

Saskatchewan is suggesting to relocate all these people to the south. Now, I can assure you that if you want a revolution on your hands, if you make a sudden recommendation or a sudden piece of legislation that will relocate these 1,500 or 1,700 Metis, then you will have real trouble.

Senator Roebuck: That would not be the way to do it.

Dr. Adams: No.

Senator Roebuck: What you should do is to say: "Here is a farm, would you like to use it?" I do not think we have more than touched what I have started on, but I will not press the matter. I am a practical person, I hope, and I want to know what you desire to do, and it must be specific to be successful. There is a lot of guff talked, you know, it is very true, about the poverty situation, and the need to do something. That is all right, but it will get us nowhere. What we have to do is get something definite, a program that will pull you people out of your poverty. That is the problem, and the rest will follow—and give you the management of your own affairs. That, of course, goes without saying.

Mrs. Stifle: But the program has to come from the people. The program will not work if it comes from here.

Senator Roebuck: But you are the representatives of those people.

Sergeant Eagle: I think that in our brief here we wanted to be very specific about what we were going to recommend. The recommendation in our brief is that we should do an action research. We will develop leadership among our own people. They will identify their problems, instead of the whites going in there identifying the problems or putting moneys into assumed programs. This is the way that the whites have always treated us; they assumed that it is good for the Indian, for the Metis, but it has not worked out, obviously, has it?—because if it had worked out then we would not be here today. I, myself, would not want to see my great great grandchild sitting in front of a committee again presenting a brief such as this here a hundred years from now.

Senator Roebuck: I hope not, but, you see, we are a white committee, and we are studying your problems, along with you. You are here to help us, and we have the ear of the

government, and perhaps can make a report of real value, if it is a practical one.

Sergeant Eagle: I think our recommendation to do our own research is a very practical one, because in the past the researches that have been done have been done by commissions. I will go on and say before I quit that this type of research is an action research, and it takes a Metis to talk to a Metis. In these research programs that have been carried on the people just hold back, they do not want to say anything.

Senator Roebuck: Well, we want to help you if we can.

The Chairman: Senator Carter?

Senator Carter: I have two or three questions, mainly for clarification. I think we have established this morning that a large number of Metis and Indians have managed to enter the mainstream and hold their own with the white society and within the white society. There is a number of some 30,000 outside, and these are mostly in the north, where they are isolated, and where the natural resources are poorer than in the south. Now, any solution short of welfare—any economic solution—to this problem, must depend on some type of industry, either primary industry or secondary industry. Now, secondary industry depends on primary industry to a large extent, and if the areas in which these people are living are not economic areas, if you do not have economic farmland, how are you going to solve your problem, even if you get money? You may have a little sawmill here and there, I can see possibly, or probably a little bit of fishing somewhere, but you are not going to take care of 30,000 people that way. As in the Gaza Strip, these people are going to multiply and grow. What solution do you see? The economic factor must be the main factor in solving this problem. How are you going to organize yourselves to provide the jobs that you must have if you are going to raise the standard of living?

Reverend Cuthand: I think, Senator Carter, you are referring to our number 30,000, which means that you are referring to the province of Manitoba. I would like to point out here that in the northern part of Manitoba there is a Metis community called Wabowden. The Metis community in that area are earning from \$800 to \$1200 a year. That is just in one community, working in mines. But they are very much interested, because of the housing situation, and also they are very much

interested because of the education. Our main job, as we send these workers out, is not only to motivate the children to go for higher education, but also to motivate the parents so that they become interested in the education of their children. The solution, as we see it, is the possible relocation in more viable areas where these people can get jobs if they are trained. Before they can be moved, it needs a certain amount of education, and also some training, before they can move off into another area.

Senator Carter: But I thought Dr. Adams said that they would resist moving? When I framed my question I was not thinking so much of Manitoba, as a matter of fact, as I was thinking of what Mrs. Stifle said. If I remember correctly, she said that in Saskatchewan and Alberta the Metis were either in urban areas or else they were squatters or they were in colonies. One of the things I would like to know is: Do you plan, do you envisage a perpetuation of this colony system, and must your colonies not be related in some way to the resources from which their livelihood must be derived?

Dr. Adams: I think we have to think in terms of two programs, in the sense of the short run and the long run. The short run is the immediate program and it is urgent and it could be drastic. As Tom pointed out this morning it could result, if there is not something done on an emergency basis, in us facing a racial conflict. I think that this is a very serious possibility, certainly in northern Saskatchewan. I think we have to consider this on an emergency basis. We have to set up what I suggest would be more industries, light industries, that will not necessarily be economically profitable at the moment in terms of pure profit, but we have to consider whether it is going to provide an income for these people, not on welfare, who are producing something, and the chance also to develop the total culture in their whole environment about them, and develop within them their own psychological skills, their own cultural skills; and then plan on the long range, thinking over a number of years. These people later on, once they have acquired all these skills, will be able to make a transition to the mainstream of society, or to where jobs are more plentiful, or to any other transitional area to which they want to go. Then you might think of closing down the remote Metis communities that are not really paying their own way. But I think at this moment they

have to be thought of in terms of real emergency crash programs, because it is serious.

Senator Carter: As regards these communities then, I am still not clear what you have in mind. Are you thinking in terms of the Mennonites who established quite a viable economic community, or are these colonies where the Metis are distributed now in economic areas where there are resources that are underdeveloped?

Dr. Adams: No, there are no resources. In the northern part of Saskatchewan the resources are practically nil, even farming. In the very far north the farming is almost out, and there is no mining, so the prospects are very, very limited, and yet there are many Metis who live up there. So it is a situation that is rather awkward. What can you do about it? This is true, you see.

Senator Roebuck: I suppose they were hunters at one time?

Dr. Adams: Yes, this is precisely the situation. You have to look at it in this way. You cannot really understand us except in the historical context, because, you see, originally when the Canadian society was being developed, it was hunting, trapping, fishing and so on, and the Hudson's Bay Company established these posts.

Senator Roebuck: Fur posts?

Dr. Adams: Yes, fur trading posts. The Hudson's Bay Company is in there to-day. Then our people located themselves around these posts. Now the fur trade, the fishing and the trapping are dead, but our people are still there, so that this is the contradiction of the whole thing now.

Senator Roebuck: Then what you want us to do is to move these people south?

Dr. Adams: Not to the south, no.

Senator Roebuck: Or offer them opportunities in the south?

Sergeant Eagle: This will not help.

The Chairman: Just a minute, Mr. Eagle, Dr. Adams is now answering.

Dr. Adams: Well, I would say, you know, move them to the south later on. They do not want to move right now. This is the situation: they do not want to move right now, because they are happy in their own communities, regardless of the fact that they are living on

welfare. They would be very insecure. They are frightened to move out from their own communities, and away from their own people, into the city which they are unacquainted with. There would be no enrichment of their own culture. They would be away from their own acquaintances. Therefore they want to live in their own northern communities at the moment. This is very definite. The very worst thing you can say to our people in the north is, "We want to relocate you and move you more to the south". Then you are into real trouble right away. I think what has to happen is that you have to develop somehow some kind of industries and let them work, and provide an educational program and any other kind of training that can go on, so that over a period of, I do not know how many years, say 10 or 20 years, these people possibly could be moved out, but they have to decide for themselves.

Senator Carter: Can you tell us how many in the families or the total population are in this situation that you have described up in the north?

Dr. Adams: Now, I really have not any figures offhand, but it is in the thousands, because each Metis community is about 1500, and I can just think offhand of 10 communities like that.

Senator Roebuck: What industry is viable up there?

Dr. Adams: Really nothing other than, you know, one could probably find something related to lumber.

Senator Roebuck: Fishing?

Dr. Adams: No.

Senator Roebuck: How about fishing?

Dr. Adams: No. It is very limited; fishing is very, very limited indeed.

Senator Roebuck: The trapping is gone?

Dr. Adams: Yes, trapping has gone.

The Chairman: Mrs. Stifle wishes to add something.

Mrs. Stifle: You mentioned colonies, and this is in Alberta. Some of our colonies have natural resources that can be developed, if the funds were made available to the people, but right now the people have no funds, and there is no means of developing the land. We have some areas that are good farming land

and grazing land, but we have nothing to develop them with.

Senator Carter: Do you want to perpetuate these colonies, or do you want to see them disappear?

Mrs. Stifle: I would not want to see them disappear.

Senator Carter: Never? Do you want to keep them, say, for two or three more generations?

Mrs. Stifle: Yes, but I would like to see them developed, because it is kind of foolish to have land that is good for farming just sitting there idle.

Senator Carter: Yes.

Mrs. Stifle: In some of the areas in the north the land is no good at all, where there is nothing but muskeg and sand, where you cannot even grow potatoes.

Senator Carter: Are you thinking about the Mennonites, or something like that, that type of community, living off the land?

Mrs. Stifle: I do not know anything about the Mennonites, I am sorry.

Senator Carter: I have just two short questions. The fire-fighting pay, 55c an hour. Is that a government wage? Who pays that?

Dr. Adams: The government of Saskatchewan pays the Indians and the Metis, or if there are any, white people, but no white people fight fires; it is strictly the Indians and Metis. It is \$6.50 a day when they are fighting fires, and they average 12 hours a day, and it goes as high as 18 hours a day sometimes fighting fires.

Senator Carter: Is there not a minimum wage?

Dr. Adams: Yes, there is. It is supposed to be something like 95c an hour.

Senator Carter: How much?

Dr. Adams: Ninety-five cents an hour in the rural areas.

Senator Carter: But they are not even getting it?

Dr. Adams: That is right. They can get \$1.25 an hour fighting fire in Alberta, but there is an Act in Saskatchewan that compels you; you can be conscripted to fight fire. It is the same as in the Army; when there is a fire

breaks out, the police or the DNR just simply walk around and pick up the Indians and Metis, and take them off. They have a legal right to do that, because there is a law that says you have to go fighting fire when you are conscripted.

Senator Carter: One last question, and this is in regard to the Saskatchewan brief. Right at the bottom of page 2 it says:

At the Manpower Offices, the Metis are frequently relegated to the labouring and janitorial jobs, while the women are sent to the Department for domestic work or waitress jobs.

Then here is the punch line:

This practice is followed, regardless of the training, education or skills possessed by the Metis.

It doesn't matter if you have grade 9 or grade 10 education, you still get a janitor's job or a waitress's job?

Dr. Adams: Yes.

Senator Carter: Can you give us a few examples?

Dr. Adams: Yes. Why this is so definite in my mind is that the Metis and the Indians as well, who go into the Manpower office in Saskatoon and experience this kind of a situation, become, as you can well imagine, very upset about it, and since I am well known locally then they immediately call me about it to register a complaint. After all, an Indian or Metis woman may have had training in commercial work. A Metis, who looks Indian, may have had training in commercial work, bookkeeping or secretarial work. She goes in and applies for a job, and the moment they see her they just tell her: There is the section over there for domestic work, or for servant work, or anything like this, waitress jobs. So they just send her over there. They never even send her to the area for commercial work. It is the same with the man; he is considered unskilled right away. They do not ask him about what sort of training he has had. When they took a survey, and I am sorry I cannot tell you exactly the location, but I know they took this survey in one large area in Saskatchewan in regard to jobs for the Indians and Metis. The white people made the survey, and the only place they surveyed was for janitorial and maintenance jobs; they never asked this large section whether or not there were any jobs available in any other

skilled or professional work, even though we have people who are skilled.

Senator Carter: But what I want are names, because you are talking about a federal office, a federal service. If we cannot do anything else, surely to goodness we can bring pressure to bear on the federal Manpower officers, but we cannot do it unless we have names and addresses. That is what I want.

The Chairman: Perhaps not the names, but places. What place did you have in mind particularly?

Dr. Adams: Well, Saskatoon Manpower office—any Manpower office in Saskatchewan.

Senator Carter: Yes, but we want a few names of the ladies who had grade 9 or 10 education, or commercial training, and still did not get a job, but had to take a job as a dishwasher. I would like to have the names of the people who have been shunted over there, because unless we can go to it and say: Here is a girl who had grade 13 education, she was a qualified typist, and she came to you for a job, and what did you do? You pushed her over to a waitress job or to a domestic job?

The Chairman: Is it possible that you could document these cases and send them to us?

Dr. Adams: Yes.

The Chairman: Send them to me, please.

Dr. Adams: Yes.

Senator Sparrow: Mr. Chairman, may I ask Dr. Adams: Are you being particularly critical of the Canada Manpower, or are not you saying that this is a result of the discrimination? This in fact happens in industry, that a Metis will apply directly to industry, direct to a restaurant owner or direct to Canada Manpower, and this basic discrimination is there. I would think it would be very difficult to pick out a specific case where it was someone picked by name, and where it could be said, "You did not tell me you were a secretary, so I did not ask"—this type of thing. This is just general discrimination, that is going on continually. Is that not what you are saying?

Mr. Adams: Well, I would say both. It seems that general discrimination is there in practically all cases. The only thing is it is easier to document, it is easier to know because of the Manpower offices. You see, the people who go to the Manpower offices think they have a right, whereas industry will shunt them off, maybe, and they will accept

it and not quarrel about it. But I would say you are quite right, and that this general discrimination exists everywhere. Just before I came down here to-day I went to the public park, the provincial park, and the Metis who are working in this park complained to me that they are being paid 20 cents an hour less than the white people are being paid in the park.

The Chairman: Doing the same work?

Dr. Adams: Exactly the same work.

The Chairman: Senator Fergusson?

Senator Fergusson: Mr. Chairman, I have two things I would like to bring up. One is the matter of scholarships. Was it Mr. Eagle said that there are only five scholarships in Manitoba? Who gives those scholarships, and are there any given by voluntary organizations, or are they government scholarships?

Reverend Cuthand: Possibly I can give you that information. There are scholarships provided by the provincial government for any residents of Manitoba who are economically depressed, but these are limited. Of course, the Student Loan Fund is another one.

Senator Fergusson: Do the Metis make use of the Student Loan Fund?

Sergeant Eagle: No. I have one example. We Manitobans would like to give you names, and we would like to be specific, and this is how come we have brought down some material with us, to give you the facts. Now, we have one by the name of Cyril Keeper, who is attending Carleton University here in Ottawa. Last year he did not qualify for the Student Loan Fund. For one thing he had to have a good credit rating, and his parents had to have a good credit rating. Where can you get a credit rating in an isolated community? Probably the only credit his parents would have would be maybe in the summer about \$10 or \$15. Incidentally, while we are talking about these loan funds for university students, our students in university this spring presented a brief, where they said that the funds are not directed to the people who need this money.

Reverend Cuthand: There are several scholarships designed especially for Metis. For instance, in Toronto we have the Ryerson Polytechnical School which does make provision, and I think the university, in one of the college provides one for a girl. There are only very few. Queen's University are going to

provide one for \$2,500, for Indian or Metis, but these scholarships are very far apart, and there are not enough. I point out here in my brief that there are five students who went to the university last year, whose parents are earning less than \$1,000 a year, and there is great interest on the part of the parents and the students to further their education, but for the lack of funds they are unable to go any further.

Senator Fergusson: There is one other thing I would like to ask, about the churches. It was said that in some small communities there are five or six churches, and then I think someone else said that most of the churches are Roman Catholic. But there must be other denominations; you would not have five Roman Catholic churches in one small community, would you?

Dr. Adams: Well, I think there must be a little confusion here, because I spoke about the Saskatchewan communities in the north, here there is just the Roman Catholic church. In what June said here, she is talking about Edmonton and a large city area.

Mrs. Stifle: But in the rural areas you find that the Catholic church and, I don't know what you call it, is it the Holy Rollers?...

Dr. Adams: Pentecostal.

Mr. Stifle:...The Pentecostal church and the Mormon church are starting to come on strong too.

Senator Fergusson: Well, it was not Mrs. Stifle's remark I was referring to.

Sergeant Eagle: It was mine.

Senator Fergusson: You said about the small communities, and I just did not understand it.

Sergeant Eagle: It was my remark, and I will just give you the breakdown here. There is a population of, say, 1200 in this particular community. Now, there are two Roman Catholic churches, one on the far side and one at the other end of the community, which is two churches; there is one Mennonite church, there is one Anglican church, there is one United church, and the one that they are talking about building now is a Pentecostal church. I hope that I am precise in this statement.

Senator Fergusson: This is what I just wanted to understand, and I am afraid that I

am going to be like Senator Quart and make a little speech. However, in connection with my next question, it is not a very long one I hope, but, of course, many of the problems you mentioned are pertinent to my province of New Brunswick. I am a member of this committee, however, and I will take part in deciding what is going to be done. I think, as the chairman said, the brief and the statements that have been made certainly have given us a tremendous amount of information, on which we will probably found many of our decisions. I assure you we will make more investigation too, but you have set us off into looking into things about which many of us knew very little.

Now, I do not want to be thought critical, because I am deeply sympathetic with what you are trying to do, but I am wondering about the letter which was attached to Dr. Adams' presentation. It seemed to me that that revealed an attitude which puzzled, and I could almost say shocked me. I wonder perhaps if you are not going too far in what you expect, without giving consideration to what, perhaps, employers might expect from you. Why I want to speak on this is that I would take it from the tenor of the letter that Mr. St. Pierre is being warned not to do some of the things that perhaps he had been indulging in. That is the only explanation I could give for this because I might say I was a civil servant myself, so I know something about what is expected of civil servants. You say you feel that you are being discriminated against as a group. Well, I belong to a group that I believe—maybe you do not agree with me, and maybe some of my colleagues do not agree with me—is a group that is being discriminated against in Canada too, and that is women. There are lots of people who agree with me or else there would not be a royal commission studying about the status of women at the present time. There is no question about it that there would not be such a study being done.

While I was a civil servant I belonged to a number of organizations whose main objective was to improve the status of women, to see that they got equal pay, to see that they got a chance to be elected, to see that they got advanced in business. I worked very hard at this outside of my hours which I spent in the office, but I would like to say that never once did I feel that I should use the telephone or the office facilities to do anything about those organizations, and I made it very clear to the people who belonged, that they were

not to call me, they were not to come to see me there during my office hours, because I was working for someone who was paying me for these hours. If I wanted to give up all my free time, as long as it did not interfere with my job, I felt that was all right. I never thought of using my private office, as is suggested in this letter, for meeting with individuals in relation to those organizations—never once, and I worked there for a number of years. I did not even work on the reports for the organizations if I had to sit up all night to make my reports, I did so. I am just pointing out that I belong to a similar group that is working against discrimination, but I feel that if I am doing a job I should not think that I have the right to use some of my time to do other things. Maybe I am misinterpreting the letter, but I would like to have Dr. Adam's views on the point.

Dr. Adams: Yes. It is unfortunate you have misinterpreted it, because, you see, what happens is that the white power structure very definitely discriminates against, intimidates and harasses us. We are coming under severe police harassment right now in Saskatchewan, and this is something we are having to fight quite seriously. Now, the thing is that that letter is a form of intimidation, that our Metis Society which has been organized only in the last two years or so, and the Metis who are wanting to join our Society, by the white power structure are being discouraged, and they are threatening them. As I told you, they have threatened to cut off welfare if they do something of this nature. For instance, one Metis in one community, who organized the Metis Local in that particular community, was fired from his job, because the supervisor used the excuse that his dog was found among the sheep, or something, so that they used that excuse.

Now, this man, Mr. St. Pierre, is the most conscientious worker. He has never ever used his Employment Office where he works for furthering the Metis cause or anything like this. He is the most conscientious worker in the world. He gets a letter like this which really tells him.

Then about that convention in Prince Albert, that was on a Sunday. Now, this is a democracy. He does not work on Saturday and Sunday, and there is no right in his employer to tell him where he is, to go on Saturday and Sunday. He is not using any of the employer's time or the employer's facilities for furthering the Metis cause. That letter

is an excellent way of showing that the white power structure is trying in many ways to keep us sort of powerless and keep us from organizing and expressing ourselves.

Senator Fergusson: Well, of course, I do not understand about April 26th and 27th and the reference to that. If that did not interfere with his work, I do not see why it should be held against him. For instance, when I was working before, if I had done any of these things listed in this letter, I would expect to be fired.

Dr. Adams: Well, I would expect he would be, too, and we would not support him. But the thing is, he is the most conscientious employee, and he never does any of these things on the job. All the things he does for the Metis Society are done off the job.

Senator Fergusson: I am sorry, I must have misinterpreted your letter, but without explanation I took it that he was being warned not to do the things he had been doing, and so forth, such as using his office for his own purposes.

Dr. Adams: Yes. I think this is probably one of the things where we are really in trouble, the fact of understanding the situation. As what I say, colonial or oppressed and powerless people, we see things and we feel things in a certain way which probably people of the dominant white society do not see or recognize in the same way as we do.

Senator Fergusson: Again, there is the great problem of lack of interpretation, or lack of communication.

Dr. Adams: Lack of communication, lack of interpretation.

Senator Fergusson: And understanding.

Dr. Adams: And understanding.

Senator Fergusson: Perhaps we could do something along this line in our committee.

Dr. Adams: Yes, I think so, because, you see, another thing I suggest, for instance: you expressed it and many other people have expressed it all the time throughout the white society, that we are rather surprised to hear, and we really did not know about the serious condition of the Metis. We think that what certainly the Metis in Saskatchewan are saying is that this is rather typical of a colonial or a racist society, in that they are hiding their racial problems under the carpet and

are not bringing them to the front, and the public generally is not aware of them.

Senator Cook: On this point, what are the incidents of police harassment? You said you had been harassed by the police. Will you explain what you mean by that?

Dr. Adams: Yes. The fact that the police are stopping us, searching us without reason and justification. We had a case just recently of two Metis who were stopped on the road going out to a little town, and the police said they gave them a routine check and then let them go; but he radioed back to the Saskatoon office and then he immediately followed them up and went to the little town. When they got out of their car he got out of his car as well, and he made them put up their hands and forced them to lean over the car, and he searched them from the top of the neck of the bottom of their boots, and right down to the skin, in front of other people. It was a tremendously embarrassing situation for the Metis. We certainly protested this case, and we were told that the reason he searched them was because they were traveling in an old car, a 1962 model. The other thing was that when he radioed back he was told they had a criminal record. One of them had a record for being drunk in Regina about 20 years ago, and one had had a charge of impaired driving. That is the kind of thing. Now, this can be repeated to you a hundred times.

Senator Cook: What did they search them for?

Dr. Adams: Well, the reason that they gave was the fact that they had two batteries in their car, although they produced the bill of sale for one battery, and they explained that the other battery they had borrowed from a service station in Saskatoon, and they gave the name of it, so that the Mounted Policeman could easily radio back or telephone about it and check. The other thing was that after searching them, he made them open their trunk, although the Metis had lost the key for the trunk, and when he said, "I haven't the key", the Mounted Policeman said, "You either open that trunk or I am going to take you both into custody", at which the Metis then decided he had no alternative, so he borrowed a wrench, a crowbar, and forced open his trunk, which caused about \$70 damage, and the Mounted Police just ignored it entirely. We are charged with obstruction, because many of us are picked up for obstructing, on anything.

Senator Sparrow: I have something here. You were talking about the Royal Canadian Mounted Police at this point?

Dr. Adams: Yes.

Senator Sparrow: Because they police, primarily, those areas?

Dr. Adams: Yes.

Senator Sparrow: Are you suggesting that direction is coming to the R.C.M.P. to act in this method, or are they, the R.C.M.P. officers, acting on their own? Your statements are fairly critical.

Dr. Adams: Indeed.

Senator Sparrow: Is the direction coming from some other source, to harass the Indian and Metis people? Is it coming to the R.C.M.P., or are they taking this on their own hook as a type of police state?

Dr. Adams: I would say that they are taking it on their own, you see, because it is a kind of result of the circumstances. As the Indians and Metis, certainly now in Saskatchewan, and as you may hear in Alberta and Manitoba, were dissatisfied, we are now organizing and we are developing a social movement. As a result of that, it is just the kind of possibly automatic reaction, that the police move in, not exactly being given specific direction, but it is a kind of way of trying to curtail the movement, or trying to hold us, as we say, in our own place, keep us in our own place. I do not think they are getting any specific direction from anywhere, although I must say we have had a discussion with the Attorney General in Saskatchewan about it, and we have attempted to have a discussion with the Assistant Commissioner of the R.C.M.P. in Regina, but it did not materialize, it did not take place, because the Assistant Commissioner said, in contact with him over the telephone, "The matter is settled, there is nothing to discuss". So that there was no point in discussing the situation. We are therefore going to take that up once again with the Attorney General or the Commissioner of the R.C.M.P. here, because we feel that the situation requires investigation.

Senator Roebuck: Have you given any thought to a guaranteed income?

Dr. Adams: Well, it seems that I am doing most of the talking here. Yes, we have. The thing is that we would be in agreement with a guaranteed annual income, but I think that

is not our first consideration, because, you see, as it is, we live in communities now where we are on welfare, and welfare is a very destroying thing. It keeps you crippled, and it keeps you under control, and it does not allow you to develop. What we are a little afraid of is that a guaranteed annual income might do the same thing. That is why we say, first let us try establishing some kind of industry where we will be employed and where we can relate to one another, relate to administration, the technological machinery and everything, and in this way may be able to develop much better and acquire greater skills.

The Chairman: We are having a full discussion here, but please get to the point. You are doing well, but I have quite a number of people who still wish to ask questions: Senators Inman, Pearson, McGrand, Fournier, Quart and Sparrow.

Go ahead, Senator Inman.

Senator Inman: I have just two questions. This is directed to Dr. Adams. On page 6 of your brief there is a paragraph here I would like you to explain further:

Apparently the dominant society feels a strong sense of guilt here, and deny any discrimination or segregation. Yet, as Metis, we are fully aware of our wretched plight.

Do they feel they might have done more to help themselves, or what is the imputation?

Dr. Adams: Do they feel that—

Senator Inman: Well, do you feel that perhaps they might have done more to help themselves? You mention here that there is a strong sense of guilt.

The Chairman: He means white guilt.

Dr. Adams: Yes, white guilt—a strong sense of white guilt.

The Chairman: Do not forget you are always the guilty party!

Senator Inman: I know.

Dr. Adams: We have this maybe only in Saskatchewan and, you know, in certain communities.

Senator Inman: Oh, that is the point? Well, the other question I have is directed to Mr. Eagle. You, no doubt, are well aware of your back history and the traditions of the people.

Did your people at any time ever sell any of your land to white people—yourselves?

Reverend Cuthand: In 1870 there was a provision in the Manitoba Act by which the Metis of Manitoba were given 1,400,000 acres of land. We have done some investigation in this area and at the present time they are half a million acres short of this grant.

Senator Sparrow: Is this called scrip?

Reverend Cuthand: It was the land grant. It was given out in scrip. We also found out that there are 175 duplications. That means that the same piece of land was given to two Metis men. Now, this is under investigation, and at our last conference we have called for a Royal Commission to look into the situation and find out what really happened. I know in one case, since the Metis at that time were illiterate and could not read or write, they sold their land for very little. I know in one case 240 acres of land was sold for \$60, and in about three weeks time it was sold for \$1600 by the buyer, to someone else.

We have cases where this land has been sold for very little. The children received this land as the children of the heads of families living at that time in 1870, who were given these land grants. I know in some cases the parents sold their children's land. They were trustees of this land when the children were under 21, and now this land has been lost.

The Chairman: Senator Pearson?

Senator Pearson: Yes. I just wanted to say something about education there. In the Manitoba brief on page 9 you say:

Poverty among the Metis definitely is increasing due to the very high birth rate,

and then you say:

the heavy drop-out from a meaningless and irrelevant educational system, the lack of employment opportunities due to discrimination and a recession in the economic system.

What do you mean by "the irrelevant and meaningless educational system"?

Dr. Adams: That is mine, senator.

Senator Pearson: Oh, yes, this is Saskatchewan.

Dr. Adams: Yes. Well, this is what I suggested earlier, that the educational system in our schools in our Metis communities, par-

ticularly in the north again, but generally wherever there are schools they are run entirely by white people; the teachers are white and the text books are the ordinary, what I call urban, white, middle-class, and we are none of these three things. Therefore the school is very foreign; it is a foreign institution in our own community. It is not an extension of our own culture; it is really quite alien to us, and the children are exceedingly happy, and they can hardly wait for the school to be dismissed at 3.30 so that they can get out of the school, in their own community, just to be back at home. This is what is wrong. I know that the Metis are protesting very vigorously right now against the school system in Saskatchewan. It is not only in Saskatchewan, but it is true generally of the school system. What we want is that we want to be in control of those schools. We want, hopefully, to be able to get our own Metis teachers in and to have a curriculum that will be more related to our way of life and our culture. These are things that we want to develop, and in some communities I would say they are sufficiently developed now that they would be capable of doing this.

The Chairman: On that point, it just reminded me: I remember going up to the north recently with the Honourable Arthur Laing and the late Blair Fraser. We went around to visit the schools and the first thing Blair Fraser did was to pick up a book on *Dick and Jane* for the Eskimo children. He wrote some articles about it. That was the kind of education they were receiving, which did not fit in.

Now, speaking of education, are there trained Metis men and women who could take these teaching jobs?

Dr. Adams: I would have to say that at the moment there are very few.

The Chairman: When you say "very few", you indicate that there are some. The next question that is going to come is: Why are not they hired to work in those schools? Wouldn't you think they would hire them, if they were available and were trained?

Dr. Adams: Yes, I think this is a possibility. If we, as the Metis Society, put pressure on the government and the Department of Education, and say, "Look, now, you hire Metis for the schools", I think this is a possibility.

The Chairman: You are an educationist; you have a good deal of education. You know very well that the Departments of Education are looking for those kind of people, because they cause them less difficulty and fewer problems. They have the culture, the background, and they can live with the people. Surely they would be looking for this kind of people if they could find them.

Senator Pearson: But, Mr. Chairman, I think you have missed the point. I think the point that Dr. Adams is trying to make is that they want to develop their own culture. All of these people, when the federal government gets hold of these teachers and says, "Now, these are the teachers we want", that is fine, but they do not let them go out and teach the culture of the Indians or the Metis. They teach the culture of our white people then. That is what the government insists on.

The Chairman: The point I was making, Senator Pearson, is that if you had an Indian teacher who was steeped in his or her culture, it would come through, no matter what the Department of Education said about it. It would be bound to come through, if there were such teachers available.

Senator Roebuck: Do you not have the same system as we have in Ontario, where three local trustees run the school?

Dr. Adams: Well, it is a little more complicated than that, I think. In the north there is what is called the Northern Board for the whole northern provinces, and then it does not have local school boards that are making decisions anyway. It is fairly similar, but then, you know, there are Unit Boards as well, again, you see, and there are trustees.

The Chairman: Senator Pearson, you are still questioning him. He is your witness.

Senator Pearson: Yes. The next question is this: I notice you say—and this is, I think, referring to the Alberta one—that your people are trained very often for jobs which are not to be found in your area. Would it be possible for you to suggest the kind of job in which people should be trained in your area? Is that your particular job, or your effort, training for jobs in your area or your communities?

Mrs. Stifle: I think if people are trained for jobs they should be trained in something that they can do, and there should be some follow-up.

Senator Pearson: Then you want to train them so that they can stay in their own communities?

Mrs. Stifle: If a construction company or an industry is moving into an area, the people should be trained for the jobs that are going to be available in that immediate area. There is no sense encouraging a man to take a barber's course if there is no place where he can work.

Senator Pearson: Then you say on page 1:

We hasten to add that we are keenly and deeply aware of our inheritability and intelligence to deal with our own problems if given half a chance. In general terms, this would be our recommendation, namely, that we would be allowed to help to see our own problem on our terms.

The question is: Why do you want the white help to advise you when you say you do not need the white people around, and you want to be separated from them?

Mrs. Stifle: I think you must have misunderstood. We do not say we want white people around to advise us. We mean we would like to be able to sit down with our government and co-ordinate together the programs that come from these people out in the field, instead of these people over here deciding what programs are good for us. If we are to be involved, and if we say a program is not going to be any good, who knows better than us that it is not going to be any good?

Senator Pearson: In other words, you want to be involved in the educational programs or the job programs?

Mrs. Stifle: I think a good example of this is Newstart in Alberta. Newstart was brought in without any consultation with the people. It was set up. Here again you are starting over *here*, you are not starting over *here*, and it is going to be a failure, like everything else.

The Chairman: By way of explanation the witness motioned that you start at the top and not at the bottom.

Senator Pearson: Yes. The other thing I just wanted to say to Mr. Eagle there was this, that this ARDA program, where you develop your own ideas, I think there should be consultation with the experts, but you should run your own affairs and solve your own problems. You develop your own problems and try to correct them in your own area.

Sergeant Eagle: Yes. Well, this is what we are doing now. We are identifying our own problems. We are trying to work out solutions ourselves, with the support of the white society. We are not trying to boot anyone and say, "We don't need you". We have to help one another. After all, poverty is not only a provincial matter, it is a national problem, and this is why we recommended in our letter that you, as an influential body, should perhaps work with the provincial governments.

The Chairman: Senators Fournier, Quart and Sparrow.

Senator Fournier: Well, Mr. Chairman, I do not want to take too much time, but I have a few questions. I will try to make it as fast as possible.

Dr. Adams, we were talking about this letter a while ago, and I think you have omitted a very interesting paragraph which I think should be on the record. This letter also states:

... although your participation in the off-duty activities is quite permissible and you are to be commended for your interest therein.

I think that does a little change, for example, what you said a few moments ago.

Now, Mr. Chairman, yesterday I was reading the reports; to-day I am trying to read the writers. It is going to take me a few days to make up my mind. However, I deplore this condition. I have learned something now which I did not know before, that such conditions have ever existed in Canada, and I say I deplore this situation, and I hope we can do something.

During the discussion, there was a question mentioned about, for instance, an area of a hundred miles without a barber. It seems to me that if there is an area of a hundred miles without a barber, and here is a trained barber, why doesn't he open a shop?

Mrs. Stifle: You need money to open a shop.

Senator Fournier: Is that all that is needed, a few dollars to open a shop? Let us put things straight here, let us have the true answer.

Mrs. Stifle: You need more than a few dollars, when people live many miles away.

Senator Fournier: Well, let us say a couple of hundred dollars.

Mrs. Stifle: Well, a couple of hundred dollars, but these people are not living in one little cluster; these people are living sometimes 20 miles apart. These people are trappers.

Senator Fournier: Oh, I see. Not in a group?

Mrs. Stifle: No, not in a group.

The Chairman: They use the saucer method which our mother knew.

Mrs. Stifle: This is an example that I was giving you.

Senator Fournier: Because, if I could find a place where there was a hundred miles with no barber, I would quit the Senate and open a shop.

Mrs. Stifle: Amongst the people in most of these communities the mother does the hair-cutting, so they are not going to pay somebody \$1.50 that they do not have, because welfare does not allow you \$1.50 for haircuts.

Senator Fournier: Thank you for your answer. I think I agree with you. It was mentioned also that in some areas the Metis were working for \$800 a year, working in the mine. Now, is there a mine in that area?

Sergeant Eagle: There is a mine. They drive 50 miles to the site to work. This is only one area, called Wabowden, in Manitoba.

Senator Fournier: Is the mine open and working daily?

Sergeant Eagle: Yes.

Senator Fournier: Why do not the men work full time?

Sergeant Eagle: Well, they are working full time.

Reverend Cuthand: They are working all the year round.

Senator Fournier: And all they get out of it is \$800?

Reverend Cuthand: \$800 a month to \$1200 a month. Maybe I did not make that clear.

Senator Fournier: No.

Sergeant Eagle: This is the point. I do not think you were too specific on that, Adam, you know. This is one of our richer communities.

Senator Fournier: Very well. That changes the picture. Now, two more little questions. When we are talking about the benefits from Indian Affairs, does that include the Metis?

Dr. Adams: No.

Senator Fournier: You are not included?

Dr. Adams: No, not included at all.

Senator Fournier: I must say this is something new for me, and maybe it is for the members of the committee also. You are not included?

Reverend Cuthand: No.

Senator Fournier: Now, do the Indians and you people get along together?

Dr. Adams: I would say that in Saskatchewan we get along. You see, there is an organization; I am president of the Metis Society, and there is a Treaty Indian organization, and at the organizational level we get along very well indeed. I think on a mass basis, in terms of the 40,000 Metis and 30,000 Indians, that we get along reasonably well. We do consider ourselves of the same cultural family, but I think, just the same, there are differences. There are a certain number of jealousies that do exist, we would have to admit that, but on the whole we get along reasonably well.

Senator Fournier: Thank you. Then my last question . . .

Mrs. Stifle: May I answer that?

The Chairman: Yes.

Mrs. Stifle: In our province we get along in the same way as they do in Saskatchewan, but in the last two years we have found we have decided that if we can work together and support each other we can become a stronger force. It is as if you were to take these two glasses: this one cannot do very

much, and this one cannot do very much, but if you put the two together, you can do a lot more. We have found that with the two organizations in Alberta, this is the Indian Society and the Metis Society, if one needs the support of the other, we are always there to help each other. Also we have noticed, we have observed, through the years, that this is how the white society operates. You do not have to be like each other, but you love each other and you work for a common cause, and we feel if we can unite and work together we can do much.

Senator Fournier: Thank you. My last, short question, which you may not like to answer, as it is somewhat of a personal question, is this: Do you think there is a bad moral effect in the films which we see, those western cowboy pictures showing the fighting with the Indians and the white men killing one another?

Dr. Adams: It is very serious, and it causes real confusion, especially among the Indian-Metis children, because they feel they want to identify with the hero, and the hero is white, and so on. There is real confusion.

Sergeant Eagle: Mr. Chairman, I am starting to reverse the procedure now, and to ask questions.

The Chairman: Very well. Just make it short, please?

Sergeant Eagle: I would just like to say about the films, that this winter there was a program produced by CBC Public Eye. Now, this program showed the positive side of the Indian and Metis in urban areas. There was a lot of good film that the CBC took while they were in Winnipeg, but they did not reproduce this. This was why we objected to the showing of the film so violently.

The Chairman: Senator Quart?

Senator Quart: Oh, my gracious, I would love to ask a dozen questions, but I have to restrict myself, I know.

To begin with, may I say my opinion regarding pictures and that, Mr. Eagle, is that I think the whites are being blamed a lot more now in some of these productions. I mean, we are taking your part, because we are blaming the bad people, the whites. But you made a statement regarding welfare here, and on page 7 . . .

The Chairman: Which brief?

Senator Quart: The brief of Alberta. While you are looking for it, I wonder if you know that two years ago there was, I believe it was a priest, who came to the Catholic Women's League convention, and is it not true that the Catholic Women's League of Canada have set up a home for delinquent girls near Alberta? It was in the building stages then, but maybe it is completed now. Have you not heard of it?

Mrs. Stifle: There is a home; they have set up a home, but it is not for Indian girls.

Senator Quart: This was for Indian girls.

Mrs. Stifle: There is no home for Indian girls.

Senator Quart: Then I will be very glad to mention that at their next annual meeting. Is it not a fact that in Alberta, and again in Saskatchewan, in Prince Albert, that there has been a library set up within recent years especially for the Indians?

Dr. Adams: No, not that I know of.

Senator Quart: Again I will be very happy to mention that.

Dr. Adams: Not especially, no.

Senator Quart: And I will let you know who is right.

Now, I go back to this point where you mention, being critical of welfare in general:

Over the years we have been brain-washed into believing we are useless and no good.

This is on page 7, and then it says:

Then welfare was introduced and finished us off. It took away what little pride, respect and initiative we had. It made us dependent on it, and we learned to fear it.

But did you really fear it to the point of rejecting it, instead of accepting it?

Mrs. Stifle: I am sorry, Senator Quart, I do not know what brief you are reading from.

Senator Quart: The Alberta brief.

Mrs. Stifle: This is not the brief that I presented.

The Chairman: But it is part of your brief.

Mrs. Stifle: No. It was an error that was made at the office, and it was sent, but it is not part of the brief.

Senator Quart: Well, we have it here on page 7.

The Chairman: Just a moment, Senator Quart, until I get this straightened out. Do you mean that your brief finishes *there*?

Mrs. Stifle: Yes. This was an error. It was not supposed to be in the report. This was an error made by one of our secretaries, and I forgot to mention this when I started.

Senator Quart: I see, because in looking over it before the meeting this morning I noticed that. Yet, even though you claim that welfare finished you off, if anyone wants to take up the cudgels, still you did not fear it that much, because you accepted it?

Mrs. Stifle: I am afraid I cannot answer any questions on that, because I did not present that brief.

Senator Quart: Then again I think you mentioned, I believe, Dr. Adams, regarding the fact that you had to give up your trapping. In this again, whoever gave it to us, it is claimed:

A reason for this was so we would be home when the welfare cheques came; otherwise the cheques were not received, because we were out on the traplines.

Well, where did the cheques go? Were they returned to the Department? Could not a mail box, a post office box, be arranged to receive the cheques, because I doubt if people on welfare here remain home just to wait for the cheques, and not work. This is in the Alberta brief on page 7.

Mrs. Stifle: I just mentioned that that was a mistake at our office. That was not supposed to go out. That was a report that was done by some of the field workers, and one of the girls put it in there by mistake, so I cannot answer any questions on that.

Senator Quart: I see.

Dr. Adams: May I just comment on a situation similar to that, say, in the north, in regard to the welfare cheques? I do not know whether it still is in existence, but the practice has been in the past that the welfare cheques were actually sent to the Hudson's Bay store, and the Metis had no alternative

but to go to the Hudson's Bay store and do his shopping there, and he would be credited with so much, and so on.

The Chairman: There would not be any other store there, I presume.

Dr. Adams: There would not be any other store there, but the whole welfare cheque was handled by the Hudson's Bay store clerk.

The Chairman: We used that system years ago in most parts of Canada but found it didn't work and abandoned it.

Senator Quart: Just one other thing. It is quite true anybody can improve his lot with money from the government, but considering your numbers, your great membership and numbers of Metis, and their imagination, which you have proven this morning—and may I say that I like your real frank straightforward answers, you are not beating about the bush—but considering your numbers and your imagination, and your intelligent leaders and all the rest of it, would you not agree that people with ability and intelligence such as you have displayed should be able to create their own chances, and set up their own industries, rather than waiting for welfare? Also, would you not feel more independent and proud of your accomplishments if you were to ask for loans, rather than grants from the government, even long-term loans? Then you would be able to build up your industries, or whatever you want to set up, immediately.

Mrs. Stifle: You cannot borrow money if you have no collateral, and if you are on a colony you cannot get a loan, because you are living on land that you have lived on for years.

Senator Quart: If that could be arranged, maybe it might be a solution, might it not?

Dr. Adams: Yes, we would say: All right, we would accept, possibly, on certain conditions, loans that might be for industry, or something, because we are, as you say, intelligent enough to fully understand the amount of money that is being paid on External Aid; we know the amount of money that goes out as grants, and we know the amount of money that goes out to the Ford Company, and so on. We know these things. That is why we are saying we are not having any mercy on the government about it. We are being frank, and I have to be frank, because when I go

back to Saskatchewan, I have to face my people, and they are going to put hard words to me. They will say: "You don't go down there and talk nice talk to these rich senators".

Senator Quart: I understand, and I have been in close contact with the situation as such, that your Indian people—and I am including the Metis and any other Indians, because there were many, many Indians working on construction, I know, for bridges, for instance—you specialize, do you not—at least, that is what I have heard—on jobs for bridges and so on and so forth, where a great degree, or whatever you would call it, of altitude is required. Do you have a public relations officer in your organization who would go out to the companies doing these bridge jobs and say: We have so many men available who can climb to the top of whatever you want to build?

Dr. Adams: That would refer largely to the Indians of Caughnawaga, and it has no meaning at all to us in Saskatchewan.

Senator Quart: You cannot go very high?

Sergeant Eagle: I am even afraid to fall off this chair!

Senator Quart: I do know that in the construction companies, certainly in the province of Quebec, the Indians are employed in large numbers for all these high-rise and bridge jobs and all that.

The Chairman: That is true in Ontario, and other places. They are very welcome across the river in the States, because they are very skilled people.

Senator Quart: Oh, I know. We should recommend to Mr. Eagle to go up to the Peace Tower and practice a bit!

The Chairman: Senator Sparrow?

Senator Sparrow: Maybe just a comment or two. Perhaps for the benefit of the senators, I would like to say that discrimination does exist in the province of Saskatchewan, and very drastically as regards the Indian and Metis people. One thing, in these areas, is that there is basically in the general public's attitude no difference between Indians and Metis. Senator Fournier was asking a question about that, as to whether there is a difference. In the public's minds in Saskatchewan there does not appear to be a difference.

If they have any colouring, or this type of thing, then they are Indian, and they are basically classified, if I may use the expression, as "no-good Indians". Therefore, on that basis, they are equal, as such. Apart from that, they are totally unequal, because I will go back a little bit here: In Saskatchewan, for example, there were not the land grants that were referred to in Manitoba, that I am aware of at least. The Metis people have no land of their own as such. It is not possible to take out a mortgage on land, because they do not own land and never have. They are discriminated against, because there is no equity on which to borrow money to develop.

Just to proceed a little further, for the benefit of the senators as well, what Dr. Adams is saying about the conditions, the conditions in Saskatchewan are deplorable in many instances and in many areas—very deplorable. A guaranteed income—and the question was asked—will not be sufficient for this type of people. It will help, perhaps, but we have to have education, housing and health facilities, that a guaranteed income, as such, direct from the government, will never give them. The money will never give them the ability to supply these necessary services. What we have to look at, and I think this is a rather good session for us this morning, because this points up to us that a guaranteed income is not the answer to all things, because it must start at a lower level, and find the things for these people apart from the income basis.

We talk about the Indians, perhaps, in other areas of Canada, but the Metis and Indians in some areas in the western provinces do not even know what running water is, do not know what a bathroom is. How can you expect them to go and be carpenters or mechanics when first of all they do not know how to flush a bathroom toilet? These are the areas in fact where you have to start at the grass roots. It sounds to me as if this is what these people are asking for. They know themselves, and they want to start up from the bottom, and bring their culture to meet with out culture at some point. It is very difficult to impose our culture on them by our teach-

ers, without bringing up their culture and at some point meeting in the future.

Dr. Adams: I would certainly say that the senator really has the issue. He is very sensitive to it, and I think you have put it very correctly. This is quite revealing, and I must say I am impressed with your comments, and your ability to analyze it so clearly and as well, because it is not purely one of economics or one of education or anything like that. It is the total, whole program that must be thought of together.

The Chairman: Dr. Adams, that is why he is a senator, because he understands so well!

Are you finished?

Senator Sparrow: Yes.

The Chairman: Now, we have come to the end; I have nobody left on the list. Is there anyone else who has any other questions? No more questions?

Then let me say on behalf of the committee that this has been a memorable and a moving morning. As members of the committee we are not very comfortable in listening to the plight of our fellow Canadians who speak so knowingly of poverty, which is very real to them and which they have made more real to us this morning. You can appreciate that our members are interested, concerned and very anxious to make some contribution that will alleviate and better the conditions of their fellow Canadians. There on this committee I am positive we are colour-blind; a person to us there is a Canadian, and that is it. There are some nuances that have to be looked at, and we appreciate that you have put your problems so well before us.

On behalf of the committee I wish to thank Mrs. Stifle, and Dr. Adams, the Reverend Cuthand and Tom Eagle for coming here and being so frank and open. You have been very helpful. You have helped us to understand the depth of poverty that exists in this country, about which many of our fellow Canadians are not too knowledgeable.

Thank you very much.

The meeting adjourned.

APPENDIX "P"

BRIEF ON POVERTY
METIS ASSOCIATION OF ALBERTA

Stanley Daniels, President

June, 1969

Metis Association of Alberta

Brief on Poverty

Introduction

SUMMARY OF CONTENTS

1.1 this brief shall be simple and direct. Poverty is conceived of as being multi-dimensional, i.e. composed of concomitant and inseparable factors, such as economic, cultural, psychological, historical, ecological—the first three being of immediate importance.

The case it sets forth is based on the Association's findings established by the Metis Study Tour carried out in December of 1968. The Association is aware that its own sensitivities and views are not exclusive, and that in fact the expression thereof happily and strongly coincides with that of other leaders, notably with those of Premier Strom who just recently (May 22, 1969, The Journal) categorically declared that "...Alberta's visible affluence tends to be a facade which hides the problems of poverty and cultural deprivation...the conquest of poverty requires a reorganization of the means and resources available. It calls for utter determination and limitless commitment."

1.2 We concur with the Premier's views as to the global analysis of the situation and with regard to the quality of effort required for solution. In applying his analysis to the Metis Condition, we equivocally emphasize that the Metis as a whole is at the bottom of the poverty heap, and has always been there. To use expressions current in Native circles, the Metis are the "forgotten children of the forest", the poor cousins, are "At the bottom of the ladder". Discouraging and destructive though their perceived situation is, we are sharply aware, that other than for a few token gestures, society has done previous little for us other than to keep us in the underclass. We hasten to add that we are keenly and deeply aware of our inherent ability and intelligence to deal with our own problems, if

given half a chance. In general terms that would be our recommendation, i.e. that we be allowed and helped to see to our own problems, but on our terms. The dominant society's "efforts" have clearly proven to be wholly inadequate.

1.3 We realize that we are up against a gigantic social problem which in fact is two-ended: a) the apathy, indifference and suspicion prevalent within the Metis community; b) the puritan attitude of the dominant society which responds only to that rare individual who overcomes the overwhelming difficulties of socio-economic differences and "progresses". The problem is essentially one of education in terms of immediate, intermediate and ultimate for both groups.

THE METIS ASSOCIATION OF ALBERTA

1.4 The Association, formerly known as the Metis League of Alberta founded in 1929, is a voluntary political organization. It is at present the only province-wide organization of its kind. Because of this fact its activities are conceived of in terms of the total Metis population of the Province, with special attention to the needy who constitute the bulk of the Metis population at the present time.

1.5 It is estimated that there are approximately 45,000 Metis: 12,000 of these in Edmonton, 8,000 in Calgary, 2,000 on "colonies" (a provincial government responsibility) and the remainder on the fringes of small white towns and in small isolated communities, located in central and northern Alberta for the most part.

1.6 As of March of the current year this Association on the basis of provincial-federal grants has a full-time paid personnel. At the moment the President is paid as executive director of the Association. There are in addition two secretaries. In June six full-time field organizers will come on staff.

1.7 The stated goals of the Association are in terms of Native human rights, the psychosocio-economic development of Native communities, and the obtaining of relevant educational opportunities for Natives.

II

1. THE FACTS

Twenty-two Metis communities were visited by the Metis Study Tour last December. Virtually the entire Metis population was attained to. Unless stated otherwise the following alphabetical list constitutes a total consensus regarding the specific points as set forth.

Culture

A disposition of helplessness and deep regret was encountered whenever this topic was broached. To some degree in few areas such things as legend telling, Native game playing, Native dancing still prevail. In the main however the language (Cree) had died out or is dying out, to everyone's regret.

Education

There is a general appalling lack of education and training for jobs. There is an alarming drop-out rate, beginning as low as grade four and reaching its highest proportions at the grade eight level. It is estimated that there is a 70-80 per cent rate of failure. Few boys, if any, get beyond grade eight. The average education level of Metis throughout the Province appears to be at the grade four level at the most.

Teachers in these communities show a remarkable uninvolvedness. All regardless of origin, maintain little or no contact with the members of the local communities in which they teach.

Health

In almost all of the communities water supply is a long-standing, crucial issue. No ambulance service is available for emergencies. Whites will not help out when transportation to hospitals or for medical attention is required. Nurses do not visit outlying areas on a regular basis, and when they do they are exclusive in the contacts that they make. Relative to the means of transportation available in most communities, doctors and hospitals are at great distances away.

Housing

Everywhere, without exception, housing of the vast majority of Natives is sub-standard, i.e. small, overcrowded, of poor construction material. A handful only are home owners. Those with large families have great difficulty in obtaining lodging. In most areas rent required is prohibitive. By and large, with

few exceptions, running water and electricity are not obtainable.

JOBS

Few unskilled jobs are obtainable, and for the same there is an over-supply of persons. In many areas the ridiculous standard of grade ten or better for unskilled positions is maintained by employers. Job-training programs that have been provided have failed to provide job opportunities for the trainees. People are frequently trained for jobs that do not exist in their home area. There is profound disillusionment re agency efforts to promote vocational training. There is a general feeling that Whites get jobs before Natives do. In a number of areas Whites are brought in from the "outside" in preference to local Native labor.

LAND

Most of the Natives are squatters. When Native groups attempt to negotiate over crown land they invariably run up against resistance in the form of "You are asking for too much land!" Land that is offered is always inadequate to accommodate a local group: "It is only good for living on, but not for living off of!"

METIS ATTITUDE

Despite discouraging and appalling economic conditions, there does prevail a strong feeling at the local leadership level that "...we are capable of running our own affairs. However we do need help to get started..." Most communities feel that government representatives, be they civil servant or politician, are condescending and that the programs that they have implemented in the past in fact destroys people. Whites are viewed with suspicion.

Welfare

The Welfare services to Natives is a very disturbing situation! In every area there are high numbers of people on welfare. In one area it was as high as 80 per cent for eight months of the year. There is a discrepancy in application of welfare rates from one region to another. The welfare payment scale barely allows a person to subsist. The Metis is kept below the recognized poverty line of \$3,000.00. The people are aware that this system is degrading. The annual average income on a provincial basis is not over \$2,000.00. In some areas the average is as low as \$600.00 per year. In some areas people have to travel

great distances in order to obtain welfare assistance. The assessment of needs by welfare officers is frequently unjust. Most welfare representatives are perceived as being very authoritarian, disrespectful of people and very indiscreet.

WHITE ATTITUDE

Nothing goes further to keep the poor down than the discriminatory attitudes and practices of the white dominant society. Such is encountered throughout the Province. White pupils and surprising numbers of White teachers are intolerant of Native pupils. White towns feel that Metis are not interested in the education and general welfare of their children! Whites also maintain that Metis offenders are better off in correctional institutes because conditions there are better than at home! Whites will not give credit to Natives; if they do atrocious rates are charged. Churches would just as soon not have Native members! Nowhere is help and encouragement given to bridge the cultural gap. Agencies such as Manpower, Forest and Wildlife and Welfare do discriminate against welfare.

Recommendations

III.1 It bears repeating again that we unshakably feel and believe that the Metis of the Province of Alberta are as a whole at the bottom levels of socio-economic development, as the above enumeration bears out. Given the general stirring within our Native community, and given recent re-structuring of the Metis Association and lastly, given the fact of presence of excellent human resources within the Metis community, we have but one basic recommendation, i.e. that we be allowed to help ourselves. And to that end greater

sums of monies from federal-provincial coffers be imperatively forthcoming. We are aware that close co-operation with government agencies is required. This we are seeing to.

III.2 These monies are necessary for purposes of increasing the numbers of personnel, both administrative and technical as well as for purposes thereby of economic, psychological and cultural development. We believe that we can, and in fact having begun to do so, restore to our people a new sense of dignity and identity in our 20th century setting.

III.3 We are aware that measures on a national scale need to be taken. We are therefore in favor of such maintenance income policies as guaranteed income and negative income tax. As for the other points listed in your section 11.6 we feel that these are of provincial jurisdiction and under our prodding the Province can be brought to confront the issues and attempt solutions thereto.

III.4 We recognize that while on the one hand economic system that does prevail in Canada and in the Western world is the most successful yet devised, yet tragically on the other it is a system that does not include the underclass. The situation of the underclass generally is one of poverty, one that is corrosive of individual psychology. Our belief and our experience is that if allowed to take our own destiny into our hands we can break out of this endless cycle of degrading, and destructive conditions. Candidly, it does mean that we become revolutionaries—but, in the healthiest sense of the word, i.e. utterly committed, with intelligence, consistently supported by financial and professional resources.

APPENDIX "Q"

POVERTY REPORT
BY
THE METIS SOCIETY OF
SASKATCHEWAN

DR. HOWARD ADAMS, PRESIDENT.

JUNE 14, 1969.

THE CAUSES OF POVERTY

The basic causes of poverty are social, and not personal. The causes are not psychological or physical weaknesses of individuals; instead they are found in the economic and political structure of the society. A large proportion of the Metis are poor, simply because of low wages and unemployment. We are the products of exploitation, and discrimination. One of the major factors contributing to our state of poverty is the colonialism and racism of the Canadian society. The traditional and standard patterns of colonialism that have persisted in the colonies of Asia, Africa, and Latin America are identical to the colonized Metis. In many ways our situation is parallel to that of the Black people of the United States. Not only are we forced to live in circumstances which abound with racial discrimination, but we are forced to live in conditions which keep us powerless. The decision-making regarding our lives is always in the hands of the whiteman. Historically, we were conquered people by military force of the whiteman; since that time we have been subjugated and inferiorized.

Our communities have continued to be occupied by white authorities who govern our lives on a totalitarian basis. In some northern Saskatchewan communities, Local Councils composed of a small white power structure govern the entire Metis community in an absolute manner. Any Metis who criticizes the Local Council or fails to adhere to its authoritarianism is dealt with severely but such means as withdrawal of welfare, harassment by the local police, or denial of any local services. Since the local clergy are the key personalities in the Local Councils, religious discipline is practiced against the Metis. The administrative machinery of the local communities in the north has the effect of crushing the Metis into a 'child-like' state and

governing our lives in a tyrannical way. This condition is strikingly similar to that of Alabama and Mississippi. The result of this form of colonialism and racism creates serious poverty.

Although the poverty of the Metis is linked to administrative oppressiveness, white supremacy, and the struggle for equality, justice and liberation; it is also linked to the 'bread and butter' issue of jobs. In all areas of employment we are given the menial and low-paying jobs which the whites do not want, such as picking roots, stones, beets, and fighting forest fires. In Saskatchewan the rate of pay for fire-fighting is \$6.50 for a day, which averages twelve hours, or \$45 for an eighty-four hour week. This is less than .55c. an hour. According to the Indian and Metis, there are no whites fighting fires except in supervisory positions. Picking stones, roots and beets are done on the basis of contracts which the Metis must locate for themselves. Beet-picking in southern Alberta is the most degrading and exploited employment situation in Canada. This is equivalent to 'slave labor' and the worst form of apartheidism.

In conjunction with the strict economic exploitation, the job situation is based on the white supremacy belief that the Metis are physically and mentally capable of only menial, unskilled, and labouring jobs. At the Manpower Offices, the Metis are frequently relegated to the labouring and janitorial jobs, while the women are sent to the Department for domestic work or waitress jobs. This practice is followed, regardless of the training, education or skills possessed by the Metis.

The majority of employment given to the Metis is casual and seasonal jobs. Therefore, we are unable to build any security or future around our jobs. Such employment circumstances force the Metis into a 'day-to-day' existence. We are unable to plan for a future, or for our children; or think in terms of social mobility within the present employment situation. Even in the Metis Farm Colonies, the Metis cannot aspire to any position except as casual laborers on the farm; all supervisory positions are held by whitemen.

Racism is not the whole or even the main part of colonialism, yet it is the most visible and blatant aspect. This applies particularly to the Metis and employment. One only has to ask the question, "How many Metis are in positions where they are meeting the public, such as sales clerks, bank tellers, bus drivers, postmen, etc"? This explains a great deal about the Canadian society, and the reasons for the poverty of the Metis. As a result the income of the Metis is severely restricted, both by the type of work and by the rate of pay. These casual, 'dead-end' jobs have serious psychological repercussions on our people. It forces the Metis into circumstances of hopelessness, frustration and hostility. Often, it causes the Metis to surrender easily to deplorable, poverty-stricken conditions. Because of the discriminatory, oppressive and exploitive conditions, the Metis are compelled to live in a state of limbo existence.

Many Metis families live on social welfare. Since the Welfare Department does not record payments according to racial origin, it is difficult to obtain an accurate figure in this respect. However, most Metis families that do live on welfare, do so because there is no alternative. Furthermore, welfare payments are used by the power structure as a method to control us, politically. Several Metis have been threatened with stoppage of their Welfare if they join the Metis Society. Metis, who speak against the power structure, or become militant are very liable to lose their welfare payments. Since this is their only means of existence, in most cases they have had to 'knuckle under'. This practice of white arbitrary rule is linked to poverty of the Metis because in our struggle for liberation we are attempting to improve our general living conditions. This type of oppression is more prevalent in the north than in the south. However, the attached letter from the Department of Highways to a president of a Metis local society is proof that attempts to intimidate and oppress us, exist also in the southern part.

It is in conjunction with this intimidation, and poverty that our Metis leaders who become active in the Metis movement, are "bought-off" by the power structure, or manoeuvred into leadership training courses where they are 'brainwashed' into the traditional role of the obedient and servile native.

Another cause of poverty among the Metis, and which is consistent with the colonial pat-

tern is the lack of industrial development in our communities. We lack the capital to establish any industries in our communities, and are unable to borrow for such investments. Even where there are resources within our communities, they are not developed. In a few communities where private enterprise has developed the resources, little advantage has come to the Metis because only a few of them are hired for the labouring jobs.

Basically, poverty among the Metis is simply a lack of employment and adequate incomes. However, there are secondary aspects of poverty, such as housing, colonialism, racism, and cultural circumstances. For those born into poverty, no enrichment of the mind can be accumulated; awareness of racial or cultural identity cannot grow; and there is almost no hope for the expression of individual potential. Instead, disease, insecurity, hunger, cold, injustice, harassment, and oppression prevail. There is little opportunity in any avenue, and practically no incentive to develop the mind and spirit. People who are born in poverty learn to think, feel and act so that not only do they adapt themselves to living in poverty, but restrict themselves to performing in that particular environment. Furthermore, they are unable to learn how to think, act and feel in ways that will permit them to function adequately in a non-poverty environment.

Generally, the Metis lack formal education and the skilled training that will allow them to advance in the technological world.

Unfortunately, in a study of the Metis, it is extremely difficult to obtain specific data as the government departments do not identify the Metis as a particular racial or minority group, set apart from the mainstream society. However, at the same time, we are unofficially identified and discriminated against as a specific racial group. Although we are still treated in every way, including socially and economically, as a racial or minority group, the society pretends that there is no discrimination or segregation, when in fact we are blatantly categorized and isolated as Treaty Indians. We are as rigidly cast into an apartheid mold as any racial group; yet the pretense is made that we are dealt with as part of the mainstream white society. We are fully aware of this pretension and find it not only frustrating, but repugnant.

The society pretends that we are part of the mainstream society, because this coincides with the morality of the Christian society, but in fact, we are rigidly held in a caste system and dealt with as the most worthless of any colonial racial group. This contradiction only leads to frustration, anger, and hostility. Since we are rigidly classified as a specific racial group, we want to be recognized as such and omit the superficiality and the pretension that we are part of the mainstream society.

In confidently the society knows that we are Metis; our racial backgrounds follow us in every occupation; especially today when we are revitalizing ourselves as a social and racial movement. Government agencies and private industry are quick to deny socially that they could identify the Metis; but when it comes to a matter of employment, housing, education, etc. they immediately recognize us as Metis.

Therefore, specific statistics on the Metis are exceedingly hard to obtain; that is in relation to poverty. Apparently the dominate society feels a strong sense of guilt here, and deny any discrimination or segregation. Yet, as Metis, we are fully aware of our wretched plight.

One of the most reliable sources documented in Saskatchewan is the work of A. K. Davis—a study of the Metis done between the period of 1961-65. Therefore, I have used this study to substantiate my presentation. Davis' study was a very thorough and intensive study of the conditions of the Metis of the central and northern part of the province. Unfortunately, it is limited to urban families and the greater poverty is among the village or rural Metis. However, it is quite representative and comprehensive since it included 795 Metis persons. He found that the median household income was \$2,089.00 per year for an average family of 5.6 persons. Today it is not uncommon to find families of 10 children. In fact we have one of the highest birth rates in the world. This, of course, is related to poverty.

This annual income of \$2,089.00 is unearned income; which includes welfare, family allowance and unemployment insurance. This amounts to \$175.00 per month per family, or \$5.70 per day. On the basis of Davis' study, the per capital annual income works out to

\$420.00. This is comparable to the countries of Africa, \$366; Asia, \$305; and Latin America, \$835. Davis' study proved that 93% of the Metis live on annual incomes of under \$4,000.00, which includes 37,000 of our people in Saskatchewan. Seventy-four percent of three-quarters of our people live on annual incomes of under \$3000.00, or \$250.00 a month. Forty-one percent of our people live on incomes of less than \$2,000.00 per year; or approximately 16,000 of the Metis with large families are seeking out an existence on \$166.00 a month.

Poverty of the Metis includes the aspects of Housing.

Only one-third of the Metis own their own homes, or approximately 13,000 in comparison to 26,000 who rent homes. With reference to renting, they are seriously exploited, mostly by whitemen and through welfare arrangements. According to the statistics of 1961 the rents varied between \$50.00 and \$80.00 per month in small towns and villages. This price did not include utilities and furniture.

The rented houses at this price were usually 'shacks'; and not decent houses with running water and a sewage system. In most cases, the Metis are clustered into 'ghettos' or 'shantytowns' which lack proper facilities.

According to the report about 20% of the Metis families were 'doubled-up'; that is, two or more families were living in a single dwelling. Recently, I visited a Metis home in a small town where 13 persons were living in three rooms of a dilapidated shack.

Davis' report stated that the average number of rooms per Metis home was three; which was about half in comparison to the homes of the white people. He discovered that the largest and poorest families are squeezed into the smallest and shabbyist houses.

For the amount of rent the Metis are paying, they are not receiving value; instead they are being seriously exploited. The Metis are being forced to pay excessively high rates for the type and quality of houses they are renting.

THE EXTENT OF POVERTY

The extent of poverty among the Metis is exceedingly high, nearly 100 per cent. I have studied poverty in Canada and have found that it is extensive in Canada. Unfortunately,

few significant studies and reports have been done on the state of poverty in Canada. I have a bibliography and a collection of articles on Canadian poverty which reveal the seriousness of it. This is one reason why the Metis are organizing into a racial group; to ensure that they will not remain permanently in the 'multitudinous faceless poverty of Canada'. If this was to happen, we would be relegated to the bottom, and to the most wretched of poverty.

Poverty is definitely increasing. This would seem obvious for a number of reasons. The birthrate among the poor is high; employment opportunities for the unskilled workers are rapidly drying-up; automation is rapidly displacing workers; the cost of living is skyrocketing, while the rate of income of the masses of workers remains either fixed or increased only slightly; housing is failing to keep pace with the demand. Poverty among the Metis definitely is increasing due to the very high birth rate; the heavy drop-out from a meaningless and irrelevant educational system, the lack of employment opportunities due to discrimination and a recession in the economic system. At the same time of a serious deterioration of the economic life of the Metis population, there is an accelerated rate of Metis nationalism. The degeneration of their economic conditions and the impoverishment of their culture has, apparently caused the Metis to identify themselves as a racial group which will presumably give them confidence, unity and power. They are developing a political consciousness of their wretched plight within the white supremacy Canadian society; they have realized that they are at the very bottom, and have little or nothing to lose. Consequently, the Metis are organizing, and moving themselves to a position of social action to better their poverty conditions.

POVERTY PROGRAMS

There are no Federal Government programs which deal with the problems of poverty of the Metis. The majority of programs listed in Appendix B are under the Department of National Health and Welfare, which are now under the jurisdiction of the Provincial Welfare Department, and are indistinguishable from direct welfare payments. Any of the other Assistance Programs are unknown to the Metis. A program that is not listed and from which many Metis are benefitting is the Educational Upgrading program.

PROPOSAL FOR COMBATTING POVERTY AMONG THE METIS

A large sum of money must be made available to the Metis for industrial and commercial development, housing, education and recreation. This sum, amounting to tens of millions of dollars would be mostly in the form of grants for their enterprises. A large percentage of this money could be used as a development fund for the purpose of establishing light industries, commercial projects or farming within the Metis communities. Such enterprises would be initiated, administered and operated exclusively by local Metis persons. The projects would be in relation to the resources of the particular community; they would be of such a nature so as to provide numerous jobs in the Metis communities. The only administrative machinery would be the local Metis Boards or Councils. There would be no government bureaucracies, or whiteman supervisors superceding these Metis Boards and their enterprises. The Metis are entirely capable of administering and operating whatever industries, commercial projects, or community programs they undertake. It is only a white supremacy attitude which argues that the Metis are incapable of administering their own communities; that they lack the leadership and training; and that they are shy, lazy, and irresponsible.

Since the Federal Government is able to make grants and loans to underdeveloped countries to an amount of approximately \$330 million dollars each year, it can make similar grants and loans to the Metis; for the Metis communities of Saskatchewan are the most underdeveloped communities of the world. As Metis we are beginning to resent these large sums of money being sent out of the country, for which the Government receives glorious publicity as a benevolent Government at a time when we are living in abject poverty. Our state of poverty is often much worse than the countries which the External Aid is helping. While we suffer from malnutrition, disease, impoverishment, joblessness, inadequate housing, deficient community facilities, and oppression, the Government gives hundreds of millions of the taxpayers money away in External Aid, industrial subsidies, and such projects as bringing in so-called refugees from European countries. As Metis, we argue that these refugees are not as oppressed as the Metis who live in the racist, colonial society of Canada.

Only recently, the Federal Government gave—indirectly—to the Ford Motor Company of America 75 million dollars, at a time when its profits are about the highest in history. Likewise the Government is increasing its grants to 12 million dollars to each business corporation approved under the Area Development Incentives Act. As of December 1967, the Government made grants to private business corporations amounting to 50 million dollars and a commitment for approval of an

additional 200 million dollars. If the Federal Government is able to make outright grants of money in sums of hundreds of millions of dollars to the whitemen who conquered and continue to occupy our land, then it is perfectly able to make such grants to the indigenous people who originally owned this land; explored and developed the resources. If extensive grants are not forthcoming from the Federal Government, we will resort to foreign governments.

APPENDIX "R"

PRESENTATION
BY
MANITOBA METIS FEDERATION
TO
SENATE SPECIAL COMMITTEE
ON POVERTY
GOVERNMENT OF CANADA

Although we are pleased to present this brief, we are also very much reluctant to present it. We have in the past presented briefs, made demands which were all ignored. The Manitoba Metis Federation feels this brief will be no different.

It must be emphasized, that this presentation is from the point of view of those presenting it. It is derived from our experience of being Metis with all that that entails. We are proud of being Metis but there are serious disadvantages to being a Metis in Canada. The problems as they are today, are not being solved but are getting worse and will continue to do so unless action is taken now.

Others, notably the Hawthorne Reports, the Lagasse Report of Indian and Metis in Manitoba, have done research that we cannot afford to ignore into the difficulties we face in trying to attain full citizenship. We are moved to add this small statement by the knowledge that other reports, statistics, recommendations and predictions have gone unheeded. The dangers of this course are obvious, another racial minority in another country experienced major difficulties, strikingly similar to our own. They too, asked for equality. Official inactivity, despite their pleas, resulted in the despair and frustration that led in turn to horror.

We ask that you, as an influential government body to help us help ourselves toward equal opportunity and full citizenship in our country.

MANITOBA METIS FEDERATION
INTRODUCTION

The effects of an already critical social and economic situation, compounded by a phenomenal rate of population growth, leave a

majority of the Metis people of Manitoba facing imminent catastrophe, both as a group and individually. The following facts give some indication of the extent of the problem:

- an excessively high infant mortality rate.
- the average age of death for native people is 34 years for females and 33 years for males, compared with the national average of 62 years.

Such lopsided age distribution obviously aggravates the Metis economic problems. Even if they were the most highly paid wage earners in the province, the relatively small number of men of working age would be hard pressed to provide clothing, housing, and education for the large number of children. Metis are not, however, blessed with high incomes. Although the Federation has not done a wage survey, we know that yearly earnings per worker are *inadequate*.

Such sever and self perpetuating economic privation inevitably has a violently destructive effect on all aspects of the day to day life of these caught in its grip. A great majority of household heads are faced with the upbringing of a massive generation of young children. They are doing so, in the main, without benefit of professional or semi-skilled status and income. The demoralization by poverty of these bread winners is resulting in an incalculable waste of human resources, which is compounded by every child who reaches adolescence and early maturity unequipped to take a constructive place in society.

The symptoms of the breakdown of social functioning—child neglect, marital breakdown, early school-leaving, juvenile delinquency, alcoholism—are rife and on the increase in the Metis community. Yet the social services provided are nowhere near the minimum standards available to Non-Metis. As well, the implementing of existing of some existing legislative provisions relating to Metis actually contribute to the hardship endured by Metis.

DEFINITION OF POVERTY

The problem with the various recent efforts to help the poor is that there is still no real agreement on a conceptual definition of poverty—even within a given agency like the office

of the Economic Council of Canada. Whenever we have policies based on operational definitions that lack a common conceptual progenitor, the result tends to be disparate goals, the diffusion of resources, programs working at cross purposes, and a high probability of failure. In fact, this has been the case with the two senior governments' war on poverty and its less publicized municipal and private counterparts. They simply have not been effective—whatever the definition of poverty employed.

The Manitoba Metis Federation's definition of poverty is "The whole cycle of problems that prey and reinforce each other—substandard housing, poor or little education, unemployment, bad health, discrimination, lack of motivation, lack of efficacy to cope with the problems we are confronted with".

WHILE THE FOLLOWING TOPICS ARE ALL-INTEGRAL PARTS OF THE GENERAL MALAISE WHICH CHARACTERISES THE LIVES OF ALL TOO MANY METIS, THEY ARE WRITTEN SEPARATELY FOR THE PURPOSE OF HAVING THESE DISCUSSED SEPARATELY. EACH HAS ITS CAUSES IN THE OTHERS AS WELL AS COMPLEMENTING THEIR EFFECTS.

1. HOUSING

This is a problem of such over riding urgency in both growth and depressed areas of Manitoba that many Metis are facing a situation of crises proportion.

A positive program must combine job training, employment, family involvement, and Community Development, with a realistic housing program. It will assist in improving Health, providing children with individual space for study to improve their education and encourage homemakers to achieve a better standard of living.

It was only last November that the two senior governments agreed to a two-year program to provide 100 homes for the Metis in isolated areas. This is a great step forward in erasing the blight of substandard, and in many instances, subhuman conditions from the face of our province and our country. But it is only a first step. A statistical summary of housing survey by the Metis Housing Association in Manitoba shows that far too many of our Metis people live under conditions that make a mockery of claims of the just society.

2. HEALTH

Perpetuation of poverty indicates that poor housing is directly responsible for an excessively high infant death mortality rate. The average age of death for native people is 34 years for females and 33 years for males as compared with the National average of 62 years. What percentage of the difference is due to poor housing and backward living conditions? If government cannot justify spending money on housing for humanitarian reasons, let it look at the economic side.

Twenty-eight years of lost life per person is a great loss of potential—140 years per family of five. *What is the annual value of a human life?* What would 28 productive years for at least 30,000 people mean to the provincial and National economy? Early deaths are due to fires, pulmonary diseases and tuberculosis at rates much higher than the white society.

Who is responsible for the Medical Health Services of people in isolated areas, particularly Medical Health Services to the Metis. Metis in isolated areas have been denied admittance to Indian Affairs nursing stations for treatment. The Indian Affairs in some cases stated that these nursing stations were only for Treaty Indians. It is recommended that health nurses and nursing stations be extended to Metis or that provision be made to have a Field Nurse made available to communities.

3. EDUCATION

That academic performance of children bears a direct relationship to home and family background cannot be denied. If a child comes from a home where the adults have no or almost no formal education, where books and sometimes even newspaper are not read, that child will be starting school with a severe handicap. That a vicious circle of school-leaving exists is indicated by the fact that in Manitoba, only five Metis are attending university. This represents one in 6,600 of Metis population, which contrasts dramatically with the ratio of one in approximately 43 of the Non-Metis population. A majority of Metis children go to the Frontier School at Cranberry Portage, which is a boarding school. The children are separated from their parents for ten months out of the year. This separation causes loneliness and the "Dropout" rate is very high. In most communities, kindergarten is unheard of.

4. UNEMPLOYMENT

Poor health, housing, and education are part of a vicious circle or spiral that cannot

produce anything but individuals who lack the skills to be able to compete in Canada's labour market. Metis for the most part derive a substandard livelihood from casual labour and welfare handouts. They are an exploited labour force which are used only when needed. In most cases employers do not provide any of the fringe benefits which are normally provided to workers. An example of this, is a large mining firm in Northern Manitoba, which for years has used Indian and Metis labour in its exploration division. These workers are employed on a casual basis. They do not benefit from the type of fringe benefits normally provided for regular mine workers. There are workers there who have worked for the company for 17 years and are still a part of a casual payroll.

In other areas, workers have been exploited in bush clearing operations with poor accommodation, poor wages and poor equipment. In many cases, workers have finished up a work period owing their employer money because he has been running his own store, and cheating his workers.

MANITOBA METIS FEDERATION—ORGANIZATION

The Manitoba Metis Federation was formed in October of 1967. The Manitoba Metis Federation is a provincial organization representing 30,000 people of Manitoba. There are 196 Metis communities.

The Manitoba Metis Federation is developing into one of the better organized "Powerless Poor". We have recognized our poverty conditions and with our organization we want to do something positive.

We are presently too disadvantaged culturally and socially to be able to avail ourselves of the opportunities available and we want to correct this.

Sociologically, culturally, and ethnically the majority of, we, the Metis, have a strong identity as Indians and, other than in legal terms, most of us are as much Indian as those covered by Treaty, but we do not share the advantages enjoyed by the Treaty Indians and have all the disadvantages of being Indians. The objects of the Manitoba Metis Federation are:

(a) To bring together isolated Metis organizations so that they can have more strength through unity.

(b) To provide a Central Clearing House for the concerns of the Metis people of Manitoba.

(c) To inform the general public of the role of Metis in Manitoba history and the continuing role of Metis in Manitoba.

(d) To aid affiliated organizations to become more effective organizations.

(e) To help Metis communities organize where there has been no local organization.

(f) To develop the social and economic needs of the Metis people of Manitoba.

An agreement between the Manitoba Metis Federation and the Department of Agriculture under A.R.D.A. Program was signed last October to provide financial assistance in the form of a grant which shall not exceed \$20,000 for the fiscal year 1968-69 and \$40,000 for the fiscal year 1969-70. With this grant the Manitoba Metis Federation has hired four field workers to communicate with the communities, aimed at achieving its objectives.

At the time of this agreement, the Extension Service, Department of Agriculture, further gave us \$10,000 for 1968-69 for Educational courses.

On March 15, 1969, Joe Keeper was seconded from the Department of Health and Social Services of the Province of Manitoba to the Manitoba Metis Federation and has been the Executive Director since. He is being paid by the Provincial government.

Our provincial office is located downtown, at 453 Notre Dame Avenue, Winnipeg, Manitoba.

APPENDIX

Manitoba Metis Federation Action—Research Project

OUTLINE

There have been many studies carried out in Indian and Metis communities by both Provincial and Federal governments. Examples of these are the Lagasse Report in Manitoba, the Hawthorne Report in B.C., and the recent Hawthorne-Tremblay Report carried out for the Indian Affairs Branch. There have been numerous other reports prepared about Indian and Metis people.

These reports have pointed out the needs, both economic and social, of the Metis communities. They have enumerated in some detail such statistics as the high rate of illegitimate births amongst the Metis, the rising crime rate, the high rate of welfare dependency, the low standard of education, etc.

Government departments have used these alarming statistics to point out the need for increased staff to work amongst the Metis. This has resulted in increased staff in some cases, but in very few cases has this resulted in an accompanying improvement in the life of the Metis people.

We believe that one of the main reasons for this is that the attitude of the people helping has been wrong. They do not believe that the Metis can work out the solutions to their own problems. There is a continuance of the colonial set of mind, that in fact Metis are a "lesser breed" and must have solutions worked out for them. Manitoba has had a Community Development Program for eight years now and we believe that this is a step in the right direction. However, we believe that this is only a step. The rest of the work needs to be completed.

The Manitoba Metis Federation feels that it has the mechanism to provide the most meaningful research for "Poverty" that has been done in Canada up to this time. We find that our Field Workers, because they are Metis also, are reaching into the hearts and minds of the Metis people in a way that white civil servants cannot. We are finding that attitudes are changing as the Metis people are beginning to find an identity. What we propose is that the Manitoba Metis Federation be granted a sum of money to carry out its own

"Poverty Study" amongst its own people in Manitoba. We believe that one of the results of this would be, that at the end of the study that not only would *certain facts have been obtained* but that *positive action amongst the Metis people will have resulted*.

The approach to this study would be:

(1) To set up a team of four Metis with a Co-ordinator who would have the necessary skills not only in basic research but in working with people.

(2) The workers would go into the communities to establish dialogue.

(3) The workers would help the people look at their communities.

(4) The worker in conjunction with the people would work out the necessary means of collecting the facts about the community. The community would set out *their own priorities* about the facts collected.

(5) The worker in conjunction with communities would work out possible solutions.

(6) The entire process would be carefully documented.

We do not believe that *such a process* re: "Poverty in Canada" has ever been documented. We believe also that the initiation of such a process amongst people living in "Poverty" is a necessary first step in overcoming Poverty.

As an organization representing one of the recognized poverty groups in Canada, we urge strongly that this proposal be accepted. We estimate that a study of this nature would cost in the area of \$60,000.00

APPENDIX "S"

CANADA
DEPARTMENT OF MANPOWER
AND IMMIGRATION

OTTAWA 2, July 7, 1969.

Senator David A. Croll, Q.C.,
Senate Committee on Poverty,
Room 35,
140 Wellington Street,
Ottawa, Ontario.
Dear Senator Croll:

Re: Manpower and Immigration Presentation
to Senate Committee on Poverty Supply
and Demand of Engineers

During Mr. Dymond's presentation to the Committee, one of the members asked for more details on the subject of engineer supply and demand. He asked me to look into this question.

We have examined available data on the subject and would make the following comments:

1. Job opportunities are fair to good for new graduates with bachelors and mas-

ters degrees, depending on the field of engineering. However, there appears to be an over supply of doctoral graduates in virtually all fields of engineering.

2. There are considerable variations in the strengths of demand for engineering graduates with bachelors and masters degrees, depending on the field of specialization. Electrical, mechanical and industrial engineers are in strong demand. Civil engineering, which showed definite signs of weaknesses last year, has a relatively small number of job openings being reported each month. Chemical engineering is the only other category in which there is a relatively light demand.

Yours sincerely,

F.V.S. Goodman,

Director

Manpower Information and
Analysis Branch.

The Queen's Printer, Ottawa, 1969

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